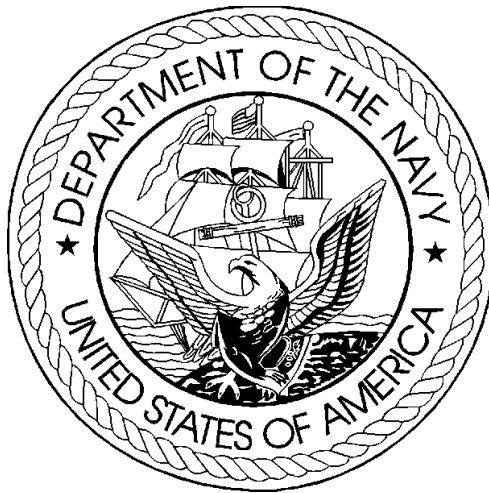


DEPARTMENT OF THE NAVY
FISCAL YEAR (FY) 2001
BUDGET ESTIMATES



JUSTIFICATION OF ESTIMATES
FEBRUARY 2000

NAVY WORKING CAPITAL FUND

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND (NWCF)
FY 2001 PRESIDENT'S BUDGET

Total FY 2001 cost of goods and services to be sold by the NWCF is nearly \$20 billion. NWCF activities perform a wide variety of functions including Supply Management, Depot Maintenance, Research & Development, Transportation, Base Support and Information Services. The NWCF has initiated some important efforts to improve efficiency and maximize effectiveness. Success in these endeavors is critical to ensuring that the Department can afford both the ongoing support costs of Fleet operations and the necessary reinvestment in new platforms and weapons systems.

Many NWCF activities are heavily involved in the Department of the Navy's Strategic Sourcing initiatives and expect to produce savings through actions such as A-76 competitions and functionality reviews. Activities within the Depot Maintenance, Research & Development and Supply Management areas are also playing lead roles in Enterprise Resource Planning (ERP) pilot projects. ERP is a high priority for the Department and will be used to reengineer and standardize business processes, integrate operations and optimize management of resources. Private industry has had ERP projects in place for a number of years with some spectacular results - both in terms of operational efficiency and management performance. Another initiative within the NWCF is the realignment of the Naval Computer and Telecommunications Command (NCTC) Information Services functions into the Space and Naval Warfare Command Systems Centers (SSCs) beginning in FY 2000. The "merger" is expected to result in improved information technology capability by creating one NWCF organization capable of handling life cycle responsibilities from initial design through Fleet support. This action capitalizes on the SSCs' skills as the Navy's C4I experts and NCTC's abilities as the Navy's information technology proponents to foster more effective management of information and communications services.

Consistent with the FY 2000 President's Budget, most of the Ordnance activities began mission funded operation in October, 1999, under the auspices of the Commanders-in-Chief of the Atlantic and Pacific Fleets. Only residual NWCF costs will be recorded in FY 2000.

Some other issues affecting the NWCF include Supply material costs, Naval Aviation Depots (NADEPs) billing procedures and the NWCF share of Defense Finance and Accounting Service (DFAS) costs. A review of FY 1999 and FY 2000 Supply material pricing revealed that prices were set too low to achieve full cost recovery. The FY 2001 rate calculation corrects for this anomaly and has led to a significant rate increase between FY 2000 and FY 2001. Automated billing procedures at the NADEPs are being revised by DFAS in FY 2000. This is expected to result in a

significant, one-time, acceleration of billing for certain workload. Since both cost and revenue will be affected in parallel, this will have little real impact on the financial results for the activity group. Finally, the costs for DFAS monthly financial reporting services for all NWCF activities are increasing substantially for FY 2000 (a total of approximately \$65 million). This is due to a revision in billing methods (switching from a fixed charge per monthly report produced to the billing for DFAS labor hours attributed to the preparation of the reports). DFAS has indicated that these increases will be offset by reductions to the costs of financial reporting for other DoN appropriations.

Department of the Navy NWCF activity groups are:

Supply Operations: Provides inventory management functions for shipboard and aviation repairable and consumable items, management of overseas Fleet Industrial Supply Centers and miscellaneous support functions for ashore and Fleet commanders.

Depot Maintenance:

Shipyards: Consists of three active shipyards. Another four have closed as a result of Base Realignment and Closure Decisions. In accordance with Congressional expectations to conduct a two year test of the Navy Regional Maintenance concept, Pearl Harbor Naval Shipyard was consolidated with the Intermediate Maintenance Facility in a pilot test project, as a mission funded entity beginning in FY 1999. Workload at the three remaining NWCF Shipyards, measured in terms of direct labor hours, declines by over eleven percent from FY1999 to FY 2000 and is relatively stable from FY 2000 to FY 2001.

Aviation Depots: Consists of three active aviation depots, while another three have closed. Reported workload, measured in terms of direct labor hours, increases significantly from FY 1999 to FY 2000 and then declines again in FY 2001, consistent with anticipated workload.

Marine Corps Depots: Consists of one east coast and one west coast depot facility which perform inspection, repair, rebuild and modification of all types of ground combat and combat support equipment used by the Marine Corps and other DoD services. The budget anticipates imposition of a \$28.6 million surcharge in FY 2000, in accordance with DoD policy, to offset projected operating losses in FY 1999 and FY 2000.

Ordnance: This activity group becomes mission funded in FY 2000.

Transportation: Military Sealift Command (MSC) operates service-unique Naval Fleet Auxiliary Force (NFAF) vessels, primarily civilian manned, which provide

material support to the Fleet, Special Mission Ships (SMS) which provide unique seagoing platforms and Afloat Prepositioning Force (APF) ships which deploy advance material for strategic lifts. MSC manages these vessels from five area and three sub-area commands around the world.

Research and Development: Consists of the Naval Research Laboratory, the Naval Air Warfare Center, the Naval Surface Warfare Center, the Naval Undersea Warfare Center and the Space and Naval Warfare Systems Centers. These activities perform a wide range of research, development, test, evaluation, and engineering support functions.

Information Services: Included in this group are the Fleet Material Support Office and the Naval Reserve Information Systems Office in New Orleans, Louisiana. These activities provide automated information systems services and design support. NWCF activities of the Naval Computer and Telecommunications Command merge with the Space and Warfare Systems Centers in FY 2001.

Base Support:

Public Works Centers: Consists of nine Public Works Centers, plus a detachment at Philadelphia, Pennsylvania, which provide utilities services, facilities maintenance, transportation support, engineering services and shore facilities planning support required by operating forces and other activities.

Naval Facilities Engineering Center: The activity, located in Port Hueneme, California, provides the Navy with specialized facilities engineering and technology support.

Cost: (Operating)

Total obligations for Supply functions and cost of goods and services sold for industrial functions are as follows:

	(dollars in millions)		
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Supply – Navy	5,121.3	5,865.1	6,135.3
Supply - Marine Corps	137.7	167.6	178.6
Depot Maintenance - Ships	2,212.8	1,864.5	1,855.0
Depot Maintenance - Aircraft	1,466.0	2,528.5	1,682.7
Depot Maintenance - Marine Corps	181.9	203.2	194.6
Ordnance	234.7	48.5	-
R&D - Air Warfare Center	2,117.9	2,068.2	2,068.5
R&D - Surface Warfare Center	2,650.7	2,317.0	2,266.3
R&D - Undersea Warfare Center	735.7	686.4	660.2
R&D – SPAWAR Systems Center	1,240.3	1,063.5	1,241.4
R&D - Naval Research Laboratory	542.3	556.6	564.6
Transportation - MSC	1,211.5	1,243.2	1,304.8
Information Services - NCTC	128.1	116.4	-
Information Services - FMSO	84.9	81.0	79.6
Information Services - NRISO	13.5	12.4	12.5
Base Support - PWC	1,818.2	1,571.4	1,576.8
Base Support - NFESC	<u>84.7</u>	<u>43.8</u>	<u>32.5</u>
Totals	19,982.4	20,437.3	19,853.4

Net Operating Results:

Revenue, excluding surcharge collections and extraordinary expenses, less the cost of goods and services sold to customers is as follows:

	(dollars in millions)		
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Supply – Navy	-102.1	-159.2	-68.3
Supply - Marine Corps	11.9	1.7	-1.3
Depot Maintenance - Ships	-22.5	-9.3	3.5
Depot Maintenance - Aircraft	-40.7	-11.3	28.9
Depot Maintenance - Marine Corps	-12.0	19.5	14.6
Ordnance	-5.3	0	0
R&D - Air Warfare Center	9.8	4.2	11.5
R&D - Surface Warfare Center	-3.3	-7.7	11.7
R&D - Undersea Warfare Center	-.6	-6.4	13.1
R&D – SPAWAR Systems Center	-4.1	-8.7	.7
R&D - Naval Research Laboratory	3.8	-7.7	-26.2
Transportation - MSC	-3.6	.8	-29.4
Information Services - NCTC	-1.4	8.5	0
Information Services - FMSO	-.6	-1.9	2.3
Information Services - NRISO	-3.1	-.5	.2

Base Support - PWC	-1.5	13.7	-10.5
Base Support - NFESC	<u>0</u>	<u>.1</u>	<u>-.2</u>
Totals	-175.6	-164.2	-49.5

Accumulated Operating Results (recoverable):

	(dollars in millions)		
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Supply – Navy	-172.5	14.6	0
Supply - Marine Corps	47.8	49.5	0
Depot Maintenance - Ships	6.4	-3.5	0
Depot Maintenance - Aircraft	-25.0	-28.9	0
Depot Maintenance - Marine Corps	-28.0	-14.6	0
Ordnance	-6.5	0	0
R&D - Air Warfare Center	-15.6	-11.5	0
R&D - Surface Warfare Center	-4.0	-11.7	0
R&D - Undersea Warfare Center	-6.7	-13.1	0
R&D – SPAWAR Systems Center	13.7	5.0	0
R&D - Naval Research Laboratory	33.9	26.2	0
Transportation - MSC	28.6	29.4	0
Information Services - NCTC	-14.2	-5.7	na
Information Services - FMISO	-.4	-2.3	0
Information Services - NRISO	.3	-.2	0
Base Support - PWC	-3.2	10.4	0
Base Support - NFESC	<u>.2</u>	<u>.2</u>	<u>0</u>
Totals	-145.3	43.8	0

Workload:

Workload projections for NWCF activities generally reflect the decline in Navy force structure and attendant support levels as well as those factors unique to each group. The table below displays year-to-year percentage changes in direct labor hours and transportation ship days for the industrial business areas. The FY 2001 change for the SPAWAR Systems Center reflects the year to year change for both and the Naval Computer and Telecommunications Command (NCTC) workload, as NCTC merges with SPAWAR in FY 2001. Also, the FY 2001 change for the Naval Reserve Information Systems Office (NRISO) excludes the impact of additional direct labor hours in FY 2001 which represent a reclassification from indirect to direct. For supply, workload changes are indicated by gross sales.

	(percent change)	
	<u>FY 2000</u>	<u>FY 2001</u>
Supply – Navy	-16.6%	2.3%
Supply - Marine Corps	4.3%	5.3%

Depot Maintenance – Ships	-11.5%	-.4%
Depot Maintenance - Aircraft	10.3%	-7.5%
Depot Maintenance - Marine Corps	12.1%	-3.4%
Ordnance	-100.0%	na
R&D - Air Warfare Center	-3.1%	-.8%
R&D - Surface Warfare Center	-3.7%	-1.9%
R&D - Undersea Warfare Center	-5.1%	-2.7%
R&D – SPAWAR Systems Center	-2.0%	.4%
R&D - Naval Research Laboratory	1.5%	-.4%
Transportation - MSC	13.8%	.6%
Information Services - NCTC	4.5%	NA
Information Services - FMSSO	6.2%	-2.3%
Information Services – NRISO	-3.6%	3.0%
Base Support - PWC	-8.6%	-7.0%
Base Support - NFESC	-2.8%	-1.7%

Customer Rate Changes

Composite rate changes previously approved from FY 1999 to FY 2000 and proposed rate changes from FY 2000 to FY 2001 designed to achieve an accumulated operating result of zero at the end of FY 2000 are as follows:

	(percent change)	
	<u>FY 2000</u>	<u>FY 2001</u>
Supply:		
Navy - Aviation Consumables	-10.4%	18.5%
Navy - Shipboard Consumables	-7.5%	19.2%
Navy - Aviation Repairables	-2.9%	14.3%
Navy - Shipboard Repairables	-6.1%	18.8%
Navy - Other	1.2%	1.5%
MARCORPS Repairables	-5.2%	-5.7%
Depot Maintenance - Ships	8.3%	2.4%
Depot Maintenance – Aircraft:		
Airframes	-2.7%	9.1%
Engines	1.1%	1.0%
Modifications	-4.5%	21.7%
Product Support/Engineering	-5.5%	18.2%
Other	-6.5%	12.4%
Supply Components	.2%	5.6%
Other Components	2.9%	14.1%
Depot Maintenance - Marine Corps	7.3%	18.6%
R&D - Air Warfare Center	2.5%	3.0%
R&D - Surface Warfare Center	3.5%	2.8%
R&D - Undersea Warfare Center	3.4%	5.6%
R&D – SPAWAR Systems Center	3.7%	-.6%

R&D - Naval Research Laboratory	2.7%	-.3%
Transportation - MSC		
Fleet Auxiliary	0.0%	4.8%
Special Mission Ships	17.9%	16.7%
Afloat Prepositioning Ships	-1.9%	-2.0%
Information Services - NCTC	9.5%	na
Information Services - FMISO	4.2%	8.4%
Information Services - NRISO	5.0%	-.2%
Base Support – PWC:		
East Coast Utilities	9.1%	2.4%
East Coast – Other	4.6%	2.2%
West Coast Utilities	-5.7%	.3%
West Coast - Other	1.7%	1.2%
Base Support - NFESC	3.1%	-2.1%

Unit Costs:

Unit Cost is the method established to authorize and control costs. Unit cost goals allow activities to respond to workload changes in execution by encouraging reduced costs when workload declines and allowing appropriate increases in costs when additional services are requested by their customers.

	Unit Cost <u>FY 2000</u>	Unit Cost <u>FY 2001</u>
Supply - Navy (cost per unit of sales):		
Wholesale	1.051	1.010
Retail	.982	1.006
Supply - Marine Corps (cost per unit of sales):		
Wholesale	1.031	1.020
Retail	.996	1.027
Depot Maintenance-Ships (\$/Direct Labor Hour)	88.14	88.90
Depot Maintenance - Aircraft (\$/Direct Labor Hour)	139.45	143.60
Depot Maintenance - Marine Corps (\$/Dir Labor Hr)	89.80	89.84
R&D-Air Warfare Center (\$/Direct Labor Hour*)	90.26	81.94
R&D-Surface Warfare Center (\$/Direct Labor Hour*)	71.14	72.89
R&D-Undersea Warfare Center (\$/Direct Labor Hour*)	76.00	77.96
R&D-SPAWAR SYSCEN (\$/Direct Labor Hour*)	78.79	75.68
R&D-Naval Research Lab (\$/ Direct Labor Hour*)	89.26	92.47
Transportation – MSC		
NFAF (\$/day)	28,494	29,566
SMS (\$/day)	18,181	20,240
APF (\$/day)	69,381	72,992
Information Services - NCTC (\$/Direct Labor Hour*)	55.42	na
Information Services - FMISO (\$/Direct Labor Hour*)	56.65	57.88
Information Services - NRISO (\$/Direct Labor Hour*)	62.20	53.12
Base Support - PWC Cost of services	various	various

Base Support - NFESC (\$/Direct Labor Hour*)	74.07	73.74
* includes direct labor plus overhead \$		

Treasury Cash Balance:

Cash balances necessary to meet operating and capital outlay requirements (7 to 10 days of cash) are achieved in this budget following a three year recovery plan that included imposition of cash surcharges. FY 1999 NWCF rates included a cash surcharge of \$150 million and represented the last year of the three year plan in which surcharges were imposed. Cash estimates for FY 2000 and FY 2001 do not rely upon imposition of advance billings or cash surcharges. Cash projections for each fiscal year are:

		(\$ millions)	
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Begin Year Cash Balance	\$ 1,192	\$ 1,164	\$ 906
Collections	\$20,128	\$18,982	\$19,436
Disbursements	\$20,089	\$19,229	\$19,499
Transfers	(67)	(11)	(36)
End Year Cash Balance	\$ 1,164	\$ 906	\$ 807
Advance Billing Liability	55	0	0

Staffing: Total civilian and military personnel employed at NWCF activities are as follows:

	(strength in thousands)		
<u>Civilian End Strength</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Supply – Navy	6.1	5.6	5.5
Supply - Marine Corps	.*	.*	.*
Depot Maintenance - Ships	18.4	17.0	17.9
Depot Maintenance - Aircraft	10.6	11.2	10.6
Depot Maintenance - Marine Corps	1.6	1.8	1.8
Ordnance	1.4	na	na
R&D - Air Warfare Center	11.0	10.9	10.8
R&D - Surface Warfare Center	16.2	15.4	15.2
R&D - Undersea Warfare Center	4.2	4.0	3.9
R&D – SPAWAR Systems Center	4.9	4.9	5.7
R&D - Naval Research Laboratory	2.8	3.0	2.9
Transportation - MSC	4.1	4.2	4.4
Information Services - NCTC	.9	.9	na
Information Services - FMSO	.9	.9	.9
Information Services - NRISO	.1	.1	.1
Base Support - PWC	10.1	9.4	8.7
Base Support - NFESC	.3	.3	.3
Totals	93.6	89.6	88.6

* less than fifty

	(strength in thousands)		
<u>Civilian Workyears (regular time)</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Supply – Navy	6.4	5.8	5.8
Supply - Marine Corps	.*	.*	.*
Depot Maintenance - Ships	18.1	16.9	17.0
Depot Maintenance - Aircraft	10.8	11.2	11.0
Depot Maintenance - Marine Corps	1.6	1.8	1.8
Ordnance	1.4	na	na
R&D - Air Warfare Center	11.1	10.8	10.8
R&D - Surface Warfare Center	16.3	15.5	15.2
R&D - Undersea Warfare Center	4.2	4.0	3.8
R&D – SPAWAR Systems Center	4.9	4.8	5.7
R&D - Naval Research Laboratory	2.8	2.9	2.9
Transportation - MSC	5.3	5.5	5.5
Information Services - NCTC	1.0	.9	na
Information Services - FMSO	.9	.9	.9
Information Services - NRISO	.1	.1	.1
Base Support - PWC	10.3	9.5	8.9
Base Support - NFESC	.3	.3	.3
Totals	95.6	91.2	89.6

* less than fifty

	(strength in thousands)		
<u>Military Personnel End Strength</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Supply – Navy	.5	.5	.5
Supply - Marine Corps	0	0	0
Depot Maintenance - Ships	.2	.1	.1
Depot Maintenance - Aircraft	.1	.1	.1
Depot Maintenance - Marine Corps	*	*	*
Ordnance	.4	na	na
R&D - Air Warfare Center	.3	.3	.3
R&D - Surface Warfare Center	.3	.3	.3
R&D - Undersea Warfare Center	*	.1	.1
R&D – SPAWAR Systems Center	.1	.1	.1
R&D - Naval Research Laboratory	.1	.1	.1
Transportation – MSC	1.0	1.0	.5
Information Services - NCTC	*	0	.0
Information Services - FMSO	*	*	*
Information Services - NRISO	.0	.0	.0
Base Support - PWC	.1	.1	.1
Base Support - NFESC	*	*	*
Totals	3.1	2.7	2.2
*less than fifty			

	(strength in thousands)		
<u>Military Workyears</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Supply – Navy	.5	.5	.5
Supply - Marine Corps	*	*	*
Depot Maintenance - Ships	.2	.1	.1
Depot Maintenance - Aircraft	.1	.1	.1
Depot Maintenance - Marine Corps	*	*	*
Ordnance	.4	na	na
R&D - Air Warfare Center	.3	.3	.2
R&D - Surface Warfare Center	.3	.3	.3
R&D - Undersea Warfare Center	*	*	*
R&D – SPAWAR Systems Center	.1	.1	.1
R&D - Naval Research Laboratory	.1	.1	.1
Transportation - MSC	1.0	1.0	.5
Information Services - NCTC	*	.0	na
Information Services - FMSO	*	*	*
Information Services - NRISO	.0	.0	.0
Base Support - PWC	.1	.1	.1
Base Support - NFESC	*	*	*
Totals	3.1	2.6	2.0
* less than fifty			

Capital Purchase Program:

	(dollars in millions)		
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Supply – Navy	37.4	40.6	53.2
Supply - Marine Corps	0	0	0
Depot Maintenance - Ships	42.4	58.3	61.0
Depot Maintenance - Aircraft	48.5	41.5	50.0
Depot Maintenance - Marine Corps	4.0	2.9	3.5
Ordnance	3.2	na	na
R&D - Air Warfare Center	36.7	32.8	41.6
R&D - Surface Warfare Center	33.4	35.5	33.2
R&D - Undersea Warfare Center	19.5	17.7	17.9
R&D – SPAWAR Systems Center	11.5	25.3	16.3
R&D - Naval Research Laboratory	15.9	15.0	17.2
Transportation - MSC	2.9	8.8	7.3
Information Services - NCTC	.0	0	na
Information Services - FMSC	.5	.5	.5
Information Services - NRISO	.9	.3	0
Base Support - PWC	18.7	19.8	17.8
Base Support - NFESC	<u>.4</u>	<u>.6</u>	<u>.7</u>
Totals *	275.9	299.3	320.3

The above capital investment program by major category is as follows:

Equipment (Non-ADPE/Telecom)	92.3	107.4	100.7
ADPE and Telecommunications Equip	71.6	55.0	56.4
Software Development	89.1	111.9	138.8
Minor Construction	<u>22.9</u>	<u>25.0</u>	<u>24.4</u>
Totals *	275.9	299.3	320.3

* Includes actual FY 1999 obligations and FY 1999 program authorized to be obligated in FY 2000.

**FY 2001 PRESIDENT'S BUDGET
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - NAVAL SHIPYARDS**

ACTIVITY GROUP FUNCTION:

Naval Shipyards provide logistics support for assigned ships and service craft; perform authorized work in connection with construction, overhaul, repair, alteration, drydocking and outfitting of ships and craft as assigned; perform design, manufacturing, refit and restoration, research, development and test work, and provide services and material to other activities and units as directed by competent authority.

ACTIVITY GROUP COMPOSITION:

This budget reflects three naval shipyards operating under the Navy Working Capital Fund (NWCF) and residual accounting for five naval shipyards. The closed yards (*) completed their customer work prior to FY1997 and now report only Base Realignment and Closure (BRAC) cost and residual NWCF charges. Consistent with the FY 2000 President's Budget, the Pearl Harbor Naval Shipyard was combined with the Commander-in-Chief of the Pacific Fleet (CINCPACFLT) Intermediate Maintenance Facility and is not part of the NWCF effective in FY 1999. These activities and their locations are:

Portsmouth Naval Shipyard	Kittery, ME
Norfolk Naval Shipyard	Portsmouth, VA
Puget Sound Naval Shipyard	Bremerton, WA
Pearl Harbor Naval Shipyard	Pearl Harbor, HI
*Ex-Mare Island Naval Shipyard	Vallejo, CA
*Ex-Charleston Naval Shipyard	Charleston, SC
*Ex-Philadelphia Naval Shipyard	Philadelphia, PA
*Ex-Long Beach Naval Shipyard	Long Beach, CA

OVERVIEW FOR NAVAL SHIPYARDS:

The continuing shipyards demonstrate a strong commitment to productivity improvement and cost. Only residual costs for the Pearl Harbor Naval Shipyard FY 1999 are included in the continuing yards figures shown in this submission. On October 1, 1998 the naval shipyard ceased operation as a Naval Sea Systems Command (NAVSEA) NWCF activity and began operation as a CINCPACFLT mission funded activity.

Financial Profile:

(\$ Millions)

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Continuing Yards:			
Cost of Goods Sold	\$2,204.8	\$1,863.5	\$1,854.5
Operating Results	40.3	-9.0	3.5
Accumulated Operating Results	6.4	-3.5	0.0
Closed Yards			
Cost of Goods Sold	\$7.9	\$1.0	\$5
Operating Results	0.0	0.0	0.0
Accumulated Operating Results	0.0	0.0	0.0
Total Yards			
Cost of Goods Sold	\$2,212.7	\$1,864.5	\$1,855.0
Operating Results	40.3	-9.0	3.5
Accumulated Operating Results	6.4	-3.5	0.0

The changes in costs of goods sold each year for the continuing yards is consistent with changes in workload and reflects efforts to improve work processes to accomplish planned levels of performance and productivity. Operating results include the application of a cash surcharge and an Accumulated Operating Result (AOR) recovery factor.

The shipyards are actively participating in the Navy's Installation Claimant Consolidation Initiative. The transfer of those functions and personnel began in FY 1999 as directed and will be completed in FY 2000. Although a total of almost 1,600 FTE eventually transfer, it is projected that the shipyards will continue to reimburse for about one third of those billets since the services they provide are integral to the shipyard's industrial mission. Reimbursable functions include utilities, maintenance, force protection for the Controlled Industrial Area, and HRO services.

NET OPERATING RESULT:

The shipyards ended FY 1999 with a net operating result (NOR) of \$-19.3 million, or \$3.2 million better than the estimate reflected in the FY 1999 column of the FY 2000 President's Budget. The FY 2000 NOR estimate of \$-9.3 million is \$-6.7 million as compared to the FY 2000 President's Budget estimate of \$-2.6 million. This reflects an increase in workload of 73 thousand mandays, offset by investments in separation costs, CA Strategic Sourcing studies, and facility footprint reduction costs designed to reduce future year operating expenses.

Workload:

	(Direct Labor Hours)		
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Continuing Yards	24,185,674	21,414,094	21,322,325

For the continuing yards, workload changes are consistent with Fleet requirements and also reflect shipyard process improvements. Workload decreases 11.5 percent from FY 1999 and to FY 2000 and decreases an additional .4 percent from FY 2000 to FY 2001. We have developed a cost efficient approach to accomplish this workload through the use of temporary and seasonal employees. The use of temporary and seasonal employees will give the shipyards more flexibility to adjust to constantly changing workload and will ultimately result in lower costs to our customers by avoiding involuntary separations via Reductions in Force (RIF).

Customer Rate Changes:

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Percentage Change from Prior Year	-12.1%	8.3%	2.4%

Performance Indicators

<u>Unit Costs:</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Continuing Yards	\$87.42	\$88.14	\$88.90

The unit cost represents total costs per direct labor hour incurred by Naval Shipyards in the applicable fiscal year.

Staffing:

<u>Continuing Yards:</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Civilian End Strength	18,379	16,994	17,893
Civilian Work Years-ST	18,117	16,911	17,023
Military End Strength	159	141	137
Military Work Years	159	141	137

For the continuing yards, civilian end strength and workyear estimates are matched to workload and reflect continued streamlining of shipyard processes and increased productivity along with overall Department of Defense downsizing efforts.

The FY 2000 civilian end strength exceeds the FY 2000 President's Budget estimate due to additional seasonal employees, primarily at Norfolk NSY. Norfolk's workload increases in the second half of the year. The Norfolk shipyard will hire up to 950 seasonal employees to accomplish the workload peak.

Capital Budget Authority (Dollars in Millions)

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Equipment-Non-ADPE/TELECOM	\$16.2	\$42.3	\$27.8
ADPE/Telecommunications Equip	5.4	2.2	4.3
Software Development	18.8	13.3	28.1
Minor Construction	<u>2.0</u>	<u>.4</u>	<u>.8</u>
TOTAL	\$42.4	\$58.2	\$61.0

The Capital Budget Authority reflects the financing of essential support equipment and other capital improvements critical to sustaining shipyard operations, improving productivity, meeting health, safety and environmental requirements and lowering production costs.

All included Capital Purchases Program projects are considered to be essential and necessary in support of the Naval Shipyard's mission to provide maintenance, modernization, inactivation, disposal, and emergency repair of Naval ships.

The estimates include \$3.1 million in FY 1999 for settlement of claims related to purchase of cranes from AmClyde and \$15.4 million in FY 2000 for a global crane settlement with Craft Machine Works.

Economies and Efficiencies:

This submission includes substantial savings resulting from efficiencies. Building on the success achieved through project management in recent years, notional mandays for FY 2000 and FY 2001 have been reduced.

Continuous efforts are underway to improve and streamline work processes in order to accomplish the planned levels of performance and productivity. The FY 2000 and FY 2001 workload at the continuing yards, excluding Pearl Harbor NSY, decreases significantly from the FY 1999 workload. Despite a 11.8 percent workload decrease from FY 1999 the Direct Labor Indicator remains constant in FY 2001. In view of declining workload and downsizing, shipyards are focused on improving performance and reducing cost.

STRATEGIC SOURCING PROGRAM: In addition to our strategic plan, we have established a Naval Shipyard Strategic Sourcing Program that implements a

disciplined approach for achieving cost efficiencies in future operations. The program is divided into three parts: (1) A-76 Studies under the Commercial Activities (CA) Program; (2) Functional Assessments accomplished using Business Process Reengineering (BPR) techniques; and (3) using Acquisition Reform initiatives to achieve efficiencies in Contracts (Material and Services) purchased to support shipyard operations).

The Commercial Activities Program will review those functions that are classified as a commercially available function in accordance with OMB Circular A-76 guidance. The functions and associated positions are inventoried each year to identify those potential functions that should be studied for potential outsourcing. We currently have one study completing this fiscal year with planned implementation in 2nd quarter of FY 2000. The shipyards are initiating four or five additional studies this FY to review clerical, files management, and Information and Technology support. The majority of the functions that would be classified as CA functions were transferred from the shipyards during the Installation Claimancy Consolidation initiative accomplished under the Navy's Regionalization Program.

The Functional Assessment (FA) Program is being initiated to accomplish business process reengineering studies on those functions that are not studied under the CA program. These studies will include process reviews of business and planning, industrial, work execution and management, and production support. The goal is to determine the best practice and Most Efficient Organization for each process and implement the results within the shipyard to achieve Total Operating Cost (TOC) reductions. Cost benefit of each study will be reviewed for TOC impact prior to implementation or rollout to other shipyards. All functions or processes not covered by another part of this program will be included in the FA portion.

For the contract efficiency initiative, the Naval Shipyards will continue to review each contract or purchase to ensure the best contract practice and negotiation position is implemented. The Naval Shipyards and their contracting representatives will review current long term contracts for potential renegotiations to reduce cost or potential financial exposure to the government.

INDUSTRIAL BUDGET INFORMATION SYSTEM
 REVENUE and EXPENSES
 AMOUNT IN MILLIONS
 SHIPYARD / TOTAL

(NIFRPT)

PAGE 1

	FY 1999 CON	FY 2000 CON	FY 2001 CON
Revenue:			
Gross Sales			
Operations	2,161.1	1,808.9	1,812.8
Surcharges	57.9	.3	.0
Depreciation excluding Major Constructio	34.1	46.2	45.7
Other Income			
Total Income	2,253.1	1,855.4	1,858.5
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	11.6	11.1	11.4
Civilian Personnel	1,189.3	1,116.3	1,141.6
Travel and Transportation of Personnel	41.4	22.5	22.9
Material & Supplies (Internal Operations	245.2	218.2	219.1
Equipment	10.9	18.5	19.8
Other Purchases from NWCF	11.5	38.1	38.6
Transportation of Things	3.9	2.8	2.8
Depreciation - Capital	34.1	46.2	45.7
Printing and Reproduction	1.9	2.5	3.0
Advisory and Assistance Services	.7	1.3	1.5
Rent, Communication & Utilities	45.0	37.4	38.9
Other Purchased Sevices	521.9	373.5	350.6
Total Expenses	2,117.4	1,888.4	1,896.1
Work in Process Adjustment	99.8	-21.5	-38.6
Comp Work for Activity Reten Adjustment	-4.4	-2.4	-2.4
Cost of Goods Sold	2,212.8	1,864.5	1,855.0
Operating Result	40.3	-9.0	3.5
Less Surcharges	-57.9	-.3	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0
Other Changes Affecting NOR/AOR	-5.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0
Net Operating Result	-22.5	-9.3	3.5
Other Changes Affecting AOR	5.5	-.5	.0
Accumulated Operating Result	6.4	-3.5	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
Source of Revenue
AMOUNT IN MILLIONS
SHIPYARDS

PAGE 1

	FY 1999 CON	FY 2000 CON	FY 2001 CON
1. New Orders	2,329.4	1,991.4	1,845.1
a. Orders from DoD Components	2,178.2	1,889.9	1,741.6
Department of the Navy	2,157.2	1,887.0	1,735.3
O & M, Navy	1,789.2	1,525.7	1,184.2
O & M, Marine Corps	-.3	.0	.0
O & M, Navy Reserve	3.6	2.7	2.5
O & M, Marine Corp Reserve	.0	.0	.0
Aircraft Procurement, Navy	2.4	1.8	2.2
Weapons Procurement, Navy	.7	.5	.5
Ammunition Procurement, Navy/MC	.0	.0	.0
Shipbuilding & Conversion, Navy	40.4	26.9	261.8
Other Procurement, Navy	237.5	251.6	211.8
Procurement, Marine Corps	.4	.4	.0
Family Housing, Navy/MC	.9	.0	.0
Research, Dev., Test, & Eval., Navy	75.5	73.2	67.6
Military Construction, Navy	5.1	1.9	2.5
Other Navy Appropriations	1.8	2.4	2.2
Other Marine Corps Appropriations	.0	.0	.0
Department of the Army	.2	.1	.1
Army Operation & Maintenance	.1	.1	.1
Army Res, Dev, Test, Eval	.0	.0	.0
Army Procurement	.0	.0	.0
Army Other	.1	.0	.0
Department of the Air Force	.4	.3	.3
Air Force Operation & Maintenance	.2	.3	.3
Air Force Res, Dev, Test, Eval	.0	.0	.0
Air Force Procurement	.0	.0	.0
Air Force Other	.2	.0	.0
DOD Appropriation Accounts	20.4	2.4	5.9
Base Closure & Realignment	4.5	-1.6	.9
Operation & Maintenance Accounts	2.5	1.3	2.0
Res, Dev, Test & Eval Accounts	1.4	1.1	1.1
Procurement Accounts	11.8	1.1	1.2
DOD Other	.1	.6	.8
b. Orders from NWCF Business Area	133.1	90.9	89.6
c. Total DoD	2,311.3	1,980.8	1,831.3
d. Other Orders	18.2	10.6	13.9
Other Federal Agencies	3.3	4.8	5.2
Foreign Military Sales	4.0	1.1	1.7
Non Federal Agencies	10.8	4.7	7.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
Source of Revenue
AMOUNT IN MILLIONS
SHIPYARDS

PAGE 2

	FY 1999 CON	FY 2000 CON	FY 2001 CON
2. Carry-In Orders	731.7	808.0	944.0
3. Total Gross Orders	3,061.1	2,799.4	2,789.1
4. Funded Carry-Over **	808.0	944.0	930.6
5. Less Passthrough	.0	.0	.0
6. Total Gross Sales	2,253.1	1,855.4	1,858.5
Adjusted Carry-Over	349.6	390.0	356.8

** Carry over data before adjustments for
work-in-process, BRAC, FMS, non-DOD and
contractual obligations.

FY01 PRESIDENT'S BUDGET
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - NAVAL SHIPYARDS
OPEN YARDS
SUMMARY OF CHANGES IN OPERATIONS
FUND 2

	COSTS (\$millions)
1. FY 1999 ACTUAL EXECUTION	\$2,114.4
2. FY 2000 PRESIDENT'S BUDGET	\$1,769.7
3. PRODUCTIVITY INITIATIVES	(\$5.3)
a. Management Efficiencies	(\$5.3)
4. PROGRAM CHANGES	\$107.3
a. Workload Changes	\$107.3
1. Direct Workyears (additional 135,000 mandays)	\$33.2
2. Direct Non-labor (related to additional workload)	\$71.1
3. Overhead Workyears (related to additional workload)	\$3.0
5. OTHER CHANGES	\$15.7
a. Change in Average Direct Salary (workforce mix change primarily related to installation consolidation transfers)	(\$5.2)
b. Change in Separation Costs (growth in SIP/VERA)	\$12.5
c. Change in FECA Costs	\$1.0
d. Change in DFAS Costs	\$5.9
e. Increase for CA Strategic Sourcing Studies	\$1.3
f. Increase for other overhead	\$0.2
6. FY 2000 CURRENT ESTIMATE	\$1,887.4

FY01 PRESIDENT'S BUDGET
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - NAVAL SHIPYARDS
OPEN YARDS
SUMMARY OF CHANGES IN OPERATIONS
FUND 2

COSTS (\$millions)

6. FY 2000 CURRENT ESTIMATE	\$1,887.4
7. PRICING ADJUSTMENTS	\$63.4
a. Pay Raise	\$42.2
1. FY 2001 Pay Raise	\$29.5
2. Annualization of FY 2000 Pay Raise	\$12.7
b. Material & Supplies Purchases	\$12.8
c. Working Capital Fund Purchases	\$1.7
d. General Inflation	\$6.1
e. Military pay raise	\$0.5
8. PRODUCTIVITY INITIATIVES	(\$12.1)
a. Management Efficiencies (Strategic sourcing Initiatives)	(\$12.1)
1. Labor	(\$0.2)
2. Non-labor	(\$11.9)
9. PROGRAM CHANGES	\$2.0
a. Workload Changes	\$6.5
1. Direct Workyears	\$0.0
2. Direct Non-labor	(\$4.5)
3. Overhead Workyears	\$11.0
b. Other Overhead	(\$4.5)
10. OTHER CHANGES	(\$45.0)
a. Change in Separation Costs (fewer SIP/VERAs)	(\$21.9)
b. Decrease for MRP	(\$1.7)
c. Decrease for Training	(\$1.3)
d. Decrease misc direct nonlabor and overhead areas	(\$20.1)
11. FY 2001 CURRENT ESTIMATE	\$1,895.6

DEFENSE BUSINESS OPERATIONS FUND
COMPONENT/BUSINESS AREA: NAVAL SHIPYARDS
(Dollars in Millions)

FY 1999

MATERIAL INVENTORY DATA

	<u>Total</u>	<u>Mobilization</u>	-----Peacetime----- <u>Operating</u>	<u>Other</u>
Material Inventory BOP	174,274		174,274	
<u>Purchases</u>				
A. Purchases to Support Customer Orders (+)	254,690		254,690	
B. Purchase of long lead items in advance of customer orders (+)				
C. Other Purchases (list) (+)				
D. Total Purchases	254,690		254,690	
<u>Material Inventory Adjustments</u>				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	256,099		256,099	
B. Disposals, theft, losses due to damages (-)				
C. Other reductions (list) (-)				
D. Total Inventory adjustments	256,099		256,099	
Material Inventory EOP	172,865		172,865	

FY 2000

MATERIAL INVENTORY DATA

	<u>Total</u>	<u>Mobilization</u>	-----Peacetime----- <u>Operating</u>	<u>Other</u>
Material Inventory BOP	172,865		172,865	
<u>Purchases</u>				
A. Purchases to Support Customer Orders (+)	219,252		219,252	
B. Purchase of long lead items in advance of customer orders (+)				
C. Other Purchases (list) (+)				
D. Total Purchases	219,252		219,252	
<u>Material Inventory Adjustments</u>				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	236,699		236,699	
B. Disposals, theft, losses due to damages (-)				
C. Other reductions (list) (-)				
D. Total Inventory adjustments	236,699		236,699	
Material Inventory EOP	155,418		155,418	

FY 2001

MATERIAL INVENTORY DATA

	<u>Total</u>	<u>Mobilization</u>	-----Peacetime----- <u>Operating</u>	<u>Other</u>
Material Inventory BOP	155,418		155,418	
<u>Purchases</u>				
A. Purchases to Support Customer Orders (+)	240,985		240,985	
B. Purchase of long lead items in advance of customer orders (+)				
C. Other Purchases (list) (+)				
D. Total Purchases	240,985		240,985	
<u>Material Inventory Adjustments</u>				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	238,921		238,921	
B. Disposals, theft, losses due to damages (-)				
C. Other reductions (list) (-)				
D. Total Inventory adjustments	238,921		238,921	
Material Inventory EOP	157,482		157,482	

Business Area: Capital Budget Summary
Component: NAVAL SHIPYARDS
Business Area: DON/Depot Maintenance/NSY/Jan 00
February 2000
(\$ in Millions)

Line Num	Description	FY 1999		FY 2000		FY 2001			
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost		
	Non ADP								
1	135 LONG TON PORTAL CRANE (Replacement)	1	1.493	1	14.650				
2	CRAFT CRANE SETTLEMENT (Replacement)			22	15.400				
3	CRANE, PORTAL, 60 TON (REPLACE #76) (Replacement)			1	.335	1	10.000		
4	MOLTEN SALT OXIDATION UNIT (Environmental)					2	5.000		
5	CVN CAMELS (Replacement)					2	3.822		
6	NFPC, REBUILD PROP PROFILER (SU- 10) (Productivity)	1	3.300						
7	NFPC, REBUILD 16' PROPELLER PROFILER (SU-11) (Replacement)					1	3.300		
8	AMCLYDE CLAIM SETTLEMENT, 171.5 TON PORTAL CRANES (Replacement)	1	3.123						
9	DRYDOCK #4 SKID MOUNTED VENT UNITS (Replacement)			6	3.000				
10	1250 TON FORGING PRESS w/DIE ROTATOR (Replacement)	1	2.524						
11	UHF TRUNKED RADIO SYSTEM (Replacement)	1	.030	1	1.910				
12	2000 TON PRESS BRAKE (Replacement)	1	1.352						

Business Area: Capital Budget Summary
Component: NAVAL SHIPYARDS
Business Area: DON/Depot Maintenance/NSY/Jan 00
February 2000
(\$ in Millions)

Line Num	Description	FY 1999		FY 2000		FY 2001			
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost		
13	ABRASIVE TUMBLER BLASTER (Replacement)					1	1.117		
14	Miscellaneous (Non ADP <= \$999K; >= \$500K)		.726		3.252		1.880		
15	Miscellaneous (Non ADP < \$500K)		3.638		3.756		2.709		
	Non ADP Total:		16.186		42.303		27.828		
	ADP								
16	NAVAL SHIPYARD INFRASTRUCTURE INTEGRATION (Hardware)			1	1.500	1	3.825		
17	REPLACE BANYAN VINES (Hardware)	1	4.875						
18	Miscellaneous (ADP <= \$999K; >= \$500K)		.555		.700				
19	Miscellaneous (ADP < \$500K)						.425		
	ADP Total:		5.430		2.200		4.250		
	Software								
20	DEPOT MAINTENANCE STANDARD SYS. (I/D) (Internally Developed)	1	15.400	1	9.813	1	9.094		
21	ENTERPRISE RESOURCE PLANNING (ERP) SYS (Software) (Off-The-Shelf)			1	3.000	1	16.000		
22	DEPOT MAINTENANCE ACCOUNTING SYSTEMS, DIFMS	1	.500	1	.500	1	3.000		
23	DEPOT LEGACY SYSTEMS	1	2.900						
	Software Total:		18.800		13.313		28.094		

Business Area: Capital Budget Summary
Component: NAVAL SHIPYARDS
Business Area: DON/Depot Maintenance/NSY/Jan 00
February 2000
(\$ in Millions)

Line Num	Description	FY 1999		FY 2000		FY 2001			
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost		
	Minor Construction								
24	Miscellaneous (Minor Construction < \$500K)		2.024		.435		.828		
	Minor Construction Total:		2.024		.435		.828		
	Grand Total:		42.440		58.251		61.000		

FY01 PRESIDENT'S BUDGET SUBMISSION (Dollars in Thousands)							A. Budget Submission FY01 PRESIDENT'S BUDGET					
B. Component/Business Area/Date DON/Depot Maintenance/NSY/Jan 00				C. Line# and Description 1/135 LONG TON PORTAL CRANE (Replacement)			D. Site Identification NNSY Norfolk, VA					
	FY 1999			FY 2000			FY 2001					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP				1	13800	14650						

Narrative Justification:

Description

The purpose of this project is to replace a 50 ton portal crane (USN 181-101991) with a new 135 long ton portal crane. The crane will be configured to accommodate shipyard workload demands. This project requests preliminary design funding in FY 97 in the amount of \$47K with additional design funding in the amount of \$2.303 million in FY 99. Procurement of the crane is planned in the FY 2000 budget at a cost of \$14.65 million. Total cost for this replacement project is \$17 million dollars.

Justification

The existing 50 ton portal crane is 29 years beyond its useful service life. Built in 1943, it has extensive structural fatigue, poor reliability, and is in poor mechanical condition. The crane's obsolete design characteristics (low and squat) restricts its use to 50% of the required work area. Its present condition does not economically justify overhaul to meet mandated safety standards, nor remedy the problems of inadequate lift and reach capacity. The Navy's advanced ship design and repair technology mandates lifting of loads beyond the shipyard's current portal crane capacity of 60 tons. The 135 long ton portal crane will provide heavy lift capability, thus eliminating expensive alternative lifting methods such as: dual crane lifts and/or jack and roll methods. Alternative lifting methods add unnecessary risk to personnel and property. Procurement of a 135 long ton portal crane will result in an annual savings of \$823K per year with a payback period of 10.66 years over a rated useful service life of 25 years.

Impact if not Funded

Failure to fund this project will result in Norfolk Naval Shipyard not being able to provide cost effective portable heavy lift service in excess of 60 tons. Existing crane conditions will force the shipyard to continue using expensive alternatives at unnecessary risk to personnel and property. Since the existing crane cannot be placed in useful service, NNSY will have a crane inventory shortage in the area supported by the 50 ton cranes. The shipyard will not realize a savings of \$823K per year.

FY01 PRESIDENT'S BUDGET SUBMISSION (Dollars in Thousands)							A. Budget Submission FY01 PRESIDENT'S BUDGET					
B. Component/Business Area/Date DON/Depot Maintenance/NSY/Jan 00				C. Line# and Description 2/CRAFT CRANE SETTLEMENT (Replacement)			D. Site Identification NSY Arlington, VA (all sites)					
		FY 1999		FY 2000			FY 2001					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP				22	700	15400						

Narrative Justification:

Description
Project provides funding authority for payment of Craft Crane settlement for 23 Cranes (22 of which belonged to NAVSEA, 15 at Norfolk, 6 at Puget Sound, and 1 at Portsmouth).

Justification

Impact if not Funded

FY01 PRESIDENT'S BUDGET SUBMISSION (Dollars in Thousands)						A. Budget Submission FY01 PRESIDENT'S BUDGET						
B. Component/Business Area/Date DON/Depot Maintenance/NSY/Jan 00				C. Line# and Description 3/CRANE, PORTAL, 60 TON (REPLACE #76) (Replacement)			D. Site Identification PSNSY Bremerton, WA					
		FY 1999		FY 2000			FY 2001					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP				1	0	335	1	10000	10000			

Narrative Justification:

Description
This project will provide a new 60-ton portal crane to replace an existing 40-year old crane. The crane has exceeded its expected service life by 15 years, based on a service life of 25-years.

Justification
The current crane requires increasingly more maintenance due to frequent electrical and mechanical breakdowns. The crane is out of service for maintenance or repair an average of 24% of the time compared to 12% for a new crane. Crane 76 is used primarily to perform nuclear lifts. In the last year the crane was utilized on all three shifts for a total of 1,701-hours (1,512-hours working and 189-hours idle). Approximately 4,197 lifts/year are performed using this crane. It is assumed that the workload for this crane will remain constant for future years. Based on this assumption, the Shipyard's crane strategic plan calls for an inventory of 14 active portal cranes in order to accomplish the scheduled workload. The current inventory of cranes is comprised of 11 new or newer portal cranes, and three older portal cranes (Cranes 76, 42, and 43) which are scheduled for replacement in FY 2000, 2001, and 2002 respectively. Replacing Crane 76 with a new 60-ton portal crane will result in reduced maintenance costs and eliminate production delays due to unplanned maintenance. The new crane will be outfitted with the latest operator safety features and allow greater control of load movement by the operator. This will result in increased safety for riggers who work in close proximity to loads. Purchasing a new crane has the smallest annual equivalent cost when compared with the alternatives of overhaul and rebuild.

Impact if not Funded
Delay in funding for this project will result in the existing crane being taken out of service.

FY01 PRESIDENT'S BUDGET SUBMISSION (Dollars in Thousands)							A. Budget Submission FY01 PRESIDENT'S BUDGET					
B. Component/Business Area/Date DON/Depot Maintenance/NSY/Jan 00				C. Line# and Description 4/MOLTEN SALT OXIDATION UNIT (Environmental)			D. Site Identification NNSY Norfolk, VA					
	FY 1999			FY 2000			FY 2001					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP							2	2500	5000			

Narrative Justification:

Description

The purpose of this project is to provide a Molten Salt Oxidation (MSO) bath which renders inert hazardous chemical waste. The unit measures 10' in diameter by 20' in height with continuous exhaust gas monitoring.

Justification

All hazardous waste is containerized on-site and transported off-site via contract for disposal or treatment. This situation is undesirable for the shipyard in a number of ways, the contracts cost for disposal are not easily controlled, the Shipyard is liable for the wastes which it has shipped off-site during the transportation process and the liability continues even after waste disposal. Also federal and local restrictions for burial of hazardous waste are becoming increasingly more stringent and have every indication that they will continue to become more stringent and costly. This unit will render 66% of all hazardous waste generated at NNSY inert. The average annual cost for disposal is \$2,000,000/year. The proposed method will reduce our disposal cost by \$1,275,000/year for a total cost savings of \$1,221,042/year. The payback period for this project is 4.38 years.

Impact if not Funded

Virtually all hazardous waste produced while working on ship pose some risk of generating a violation. Without these new units, the mission, in disposing hazardous waste while maintaining our high standards in repairing Naval Shipyards. Threshold monthly generators and accumulation quantities are established in Federal or State regulations. Hazardous waste generators are obligated to send their hazardous waste to treatment, storage, or disposal (TSD) facilities that comply with Resource Conservation and Recovery Act (RCRA) regulations. The generator must certify that the method the generator has selected for treatment, storage, or disposal is the practicable method available to the generator that minimizes the present and future threat to human health and the environment. The shipyard is liable for the waste which it has shipped off-site during the transportation process and the liability continues even after the waste disposal. The shipyard will not realize a savings of \$1,221,042/year.

FY01 PRESIDENT'S BUDGET SUBMISSION (Dollars in Thousands)							A. Budget Submission FY01 PRESIDENT'S BUDGET					
B. Component/Business Area/Date DON/Depot Maintenance/NSY/Jan 00				C. Line# and Description 5/CVN CAMELS (Replacement)			D. Site Identification NNSY Norfolk, VA					
		FY 1999		FY 2000			FY 2001					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP							2	1911	3822			

Narrative Justification:

Description
The purpose of this project is to acquire one set consisting of two each new CV/CVN aircraft carrier camels which are used to cushion the carriers from piers and berthing spaces, as well as, serve as work platforms for the ship's temporary services. Each camel will be 70' W X 120' L, and consist of a steel frame supported by flotation tanks with rubber fenders attached directly to the steel frame and wood decking on the top of the camel.

Justification
The shipyard's mission is to have the capability of berthing two CV/CVN aircraft carriers simultaneously. The present set of 40 year old CV camels have exceeded their predicted service life. NNSY has extended their useful service life 5 more years through repairs performed in FY 98. During the repair process it was determined that the structural integrity was marginal and additional repairs would not be economically justified. The current alternative method of using 4 barges pull these assets away from other productive work on the waterfront. The proposed project will provide adequate camel support for aircraft carrier dockings, thus releasing the barges for their intended uses.

Impact if not Funded
NNSY's capability to moor two aircraft carriers simultaneously cannot be accomplished without the use of barge assets taken out of productive service for the duration of carrier docking periods. This removes 4 barges from productive work for which they are intended.

FY01 PRESIDENT'S BUDGET SUBMISSION (Dollars in Thousands)							A. Budget Submission FY01 PRESIDENT'S BUDGET					
B. Component/Business Area/Date DON/Depot Maintenance/NSY/Jan 00				C. Line# and Description 7/NFPC, REBUILD 16' PROPELLER PROFILER (SU-11) (Replacement)			D. Site Identification NNSY Norfolk, VA					
		FY 1999		FY 2000			FY 2001					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP							1	3300	3300			

Narrative Justification:

Description
Complete electrical and mechanical rebuild of a 16' rotary table CNC Propeller Profiler.

Justification
SU-11 is an important machine asset at the Navy Foundry and Propeller Center (NFPC). It is over twenty years old and is in dire need of a major overhaul. The major mechanical components are worn and the electronic drives and the CNC systems are obsolete and are no longer supported by the original manufacturer. Because of the current condition of the profiler, cost have increased in the following areas: propeller set-up time, post machining propeller floor work, maintenance labor and part replacement, equating to \$785,059/year. The proposed overhaul of this propeller profiler will drastically reduce all of the above cost to \$144,287/year. This will result in an operations savings of \$640,772/year. This project will extend the service life of the equipment by 10 years at \$6.7M less than the purchase of a new profiler. The payback period is 5.6 years.

Impact if not Funded
Without the overhaul of this propeller profiler operational costs per year will continue to escalate leading eventually to a catastrophic failure of the machine. This facility will not realize a reduction in operational cost of \$640,772/year over current costs.

FY01 PRESIDENT'S BUDGET SUBMISSION (Dollars in Thousands)							A. Budget Submission FY01 PRESIDENT'S BUDGET					
B. Component/Business Area/Date DON/Depot Maintenance/NSY/Jan 00				C. Line# and Description 9/DRYDOCK #4 SKID MOUNTED VENT UNITS (Replacement)			D. Site Identification NNSY Norfolk, VA					
		FY 1999		FY 2000			FY 2001					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP				6	500	3000						

Narrative Justification:

Description
This project replaces the 4,000 cubic foot per minute (cfm) ventilation units installed at (6) enclosures in the Drydock #4 facility with 10,000 cfm ventilation units.

Justification
The existing ventilation units provide 4,000 cfm of air flow. As a result of required work process changes, these units are insufficient to provide the consistent downward air flow necessary to meet the current requirements for operations. This has created production delays equivalent to \$600,000 annually. Engineering calculations have determined that a total rated capacity of 10,000 cfm is necessary to provide satisfactory air flow characteristics. Therefore, the shipyard deems the existing ventilation units as unusable assets. The proposed project will eliminate production delays and will realize a maintenance and inspection savings of \$814,769/year.

Impact if not Funded
Failure to provide the 10,000 cfm ventilation units will force the shipyard to continue work with inadequate ventilation equipment. This results in the shipyard continuing to experience delays equivalent to \$600,000/year or more. In addition, the shipyard will not realize maintenance savings of \$814,769/year.

FY01 PRESIDENT'S BUDGET SUBMISSION (Dollars in Thousands)						A. Budget Submission FY01 PRESIDENT'S BUDGET						
B. Component/Business Area/Date DON/Depot Maintenance/NSY/Jan 00				C. Line# and Description 11/UHF TRUNKED RADIO SYSTEM (Replacement)			D. Site Identification PSNSY Bremerton, WA					
		FY 1999		FY 2000		FY 2001						
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP	1	0	30	1	1910	1910						

Narrative Justification:

Description
 This project provides a UHF trunked radio system to replace the obsolete VHF system currently in use by the Shipyard, in order to comply with the Omnibus Budget Reconciliation Act of 1993.

Justification
 The Omnibus Budget Reconciliation Act of 1993 mandates narrow banding of the Land Mobile Radio (LMR) frequency spectrum by 2008. The Shipyard's existing VHF radio system is not narrow band capable, and cannot be upgraded to comply with this requirement. Additionally, the system is obsolete, and becoming increasingly difficult to maintain due to its age and resultant nonavailability of repair parts. Trunked operation will eliminate interference/cross-talk problems now experienced by emergency service providers and crane operators. Also, it provides expansion capability.

Impact if not Funded
 Delay of this project could result in delay of emergency response (e.g., police, fire, medical, radiological, hazmat, etc). The shipyard will not be in compliance with Omnibus Budget Reconciliation Act of 1993. Additionally, delay of the project past 2000 will increase the overall system cost by approximately \$175K/year

FY01 PRESIDENT'S BUDGET SUBMISSION (Dollars in Thousands)							A. Budget Submission FY01 PRESIDENT'S BUDGET					
B. Component/Business Area/Date DON/Depot Maintenance/NSY/Jan 00				C. Line# and Description 13/ABRASIVE TUMBLER BLASTER (Replacement)			D. Site Identification NNSY Norfolk, VA					
		FY 1999		FY 2000			FY 2001					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP							1		1117			

Narrative Justification:

Description
 The purpose of this project is to replace an Abrasive Tumbler Blaster, 100 cubic foot capacity, wheel blade unit, steel shot with dust collection system to clean and prepare for painting ships.

Justification
 The present 30 year old machine (20 years over expected service life) has experienced heavy maintenance downtime for the last three years. This extensive wear has caused a large number of dust leaks/releases. This leakage causes an airborne dust problem in the vicinity of the machine. The environmental division has cautioned and cited the shop repeatedly for airborne dust requiring the shop to spend time and money for cleanup and control. Current operating cost of the equipment is \$584,767/year. The proposed equipment will have an annual operating cost of \$20,164/year. Total cost savings per year is \$564,603, payback is 2.06 years.

Impact if not Funded
 The impact of not purchasing this equipment will result in the shipyard not realizing an operation savings of \$564,603/year. The risk of potential environmental and OSHA violations for airborne dust emissions will continue.

FY01 PRESIDENT'S BUDGET SUBMISSION (Dollars in Thousands)		A. Budget Submission FY01 PRESIDENT'S BUDGET		
B. Component/Business Area/Date DON/Depot Maintenance/NSY/Jan 00		C. Line# and Description 14/Miscellaneous (Non ADP <= \$999K; >= \$500K)		D. Site Identification NA
		FY 1999	FY 2000	FY 2001
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost
TOTAL COST			3252	1880
CRANE, BRIDGE (REPLACE #103009 B-450-E) (Replacement) (PSNSY Bremerton, WA)			495	
CRANE UPGRADE, BRIDGE (B460 #103117) (Replacement) (PSNSY Bremerton, WA)			40	465
CRANE, BRIDGE, 50T, B92 (Replacement) (PNSY Portsmouth, NH)				550
UPGRADE ESAB CNC CUTTING CENTER (Productivity) (NNSY Norfolk, VA)			592	
CCTV WATERFRONT IDS (Productivity) (NNSY Norfolk, VA)			695	
VARNISH DIP TANK SYSTEM (Replacement) (PSNSY Bremerton, WA)			628	
CRANE, BRIDGE (REPLACE #103115 B-460) (Replacement) (PSNSY Bremerton, WA)			727	
CRANE UPGRADE, BRIDGE (B431 #103159) (Replacement) (PSNSY Bremerton, WA)			75	865

FY01 PRESIDENT'S BUDGET SUBMISSION (Dollars in Thousands)		A. Budget Submission FY01 PRESIDENT'S BUDGET		
B. Component/Business Area/Date DON/Depot Maintenance/NSY/Jan 00		C. Line# and Description 15/Miscellaneous (Non ADP < \$500K)		D. Site Identification NA
		FY 1999	FY 2000	FY 2001
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost
TOTAL COST			3756	2709
Narrative Justification: Description Line item is comprised of miscellaneous Non-ADP Equipment projects greater than \$100K, but less than \$500K.				

FY01 PRESIDENT'S BUDGET SUBMISSION (Dollars in Thousands)							A. Budget Submission FY01 PRESIDENT'S BUDGET					
B. Component/Business Area/Date DON/Depot Maintenance/NSY/Jan 00				C. Line# and Description 16/NAVAL SHIPYARD INFRASTRUCTURE INTEGRATION			D. Site Identification NSY Arlington, VA (all sites)					
		FY 1999		FY 2000			FY 2001					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
ADP				1	1500	1500	1	3825	3825			

Narrative Justification:
Description
The naval shipyards have a standardized Information Technology (IT) infrastructure in place to support all electronic communications and information processing and storage requirements between naval shipyards and between shipyards and other Navy activities. This infrastructure consists of various computer components which allow data storage, transmission, manipulation and operation and includes computer equipment: applications and storage servers which are attached to the standard network and enable swift and accurate transmission of work planning and progressing related data both intra and intershipyard. This project supports acquisition of replacement or additional ADP equipment that houses the standard corporate Shipyard depot maintenance/legacy applications which operate in all the shipyards. There are some 27 corporate applications supporting the shipyard ship maintenance responsibilities including: Baseline AIM, Production Scheduling, SYMIS Material and Financial Management, Radiological Controls Monitoring, Hazardous Substance Control and Monitoring, as well as specialty applications for Facilities Management, Laboratory Analysis and Tool Control and Monitoring. Much of this equipment has been installed since 1992 and is becoming unreliable/obsolete, is being eliminated from vendor support contracts so that ongoing equipment maintenance and availability of spare parts will be impossible to obtain as equipment breaks. Other equipment must be upgraded to accommodate growth in work storage, new functionality and changing work requirements. All equipment is procured centrally for configuration control and management. In addition, equipment will be consolidated, where feasible, for greater economy and resource savings

Justification
This equipment is required to replace aging and obsolete equipment. In addition, all equipment is acquired centrally for economy of scale and to obtain maximum discount from vendors.

Impact if not Funded
If this integration is not executed the shipyards will not be fully compatible with fleet and shipboard and not in compliance with Navy and DOD mandate to ensure complete infrastructure integration. If older equipment is not replaced maintenance costs will increase and equipment, already becoming unreliable, will be eliminated from vendor maintenance thus jeopardizing the shipyards' ability to assure uninterrupted, seamless communications capability.

FY01 PRESIDENT'S BUDGET SUBMISSION (Dollars in Thousands)		A. Budget Submission FY01 PRESIDENT'S BUDGET		
B. Component/Business Area/Date DON/Depot Maintenance/NSY/Jan 00		C. Line# and Description 18/Miscellaneous (ADP <= \$999K; >= \$500K)		D. Site Identification NA
		FY 1999	FY 2000	FY 2001
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost
TOTAL COST			700	0
NAVAL SHIPYARD/FLEET INFRASTRUCTURE INTEGRATION (Hardware) (NSY Arlington, VA (all sites) 700				

FY01 PRESIDENT'S BUDGET SUBMISSION (Dollars in Thousands)		A. Budget Submission FY01 PRESIDENT'S BUDGET		
B. Component/Business Area/Date DON/Depot Maintenance/NSY/Jan 00		C. Line# and Description 19/Miscellaneous (ADP < \$500K)		D. Site Identification NA
	FY 1999	FY 2000	FY 2001	
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	
TOTAL COST	0	0	425	
ENTERPRISE RESOURCE PLANNING (ERP) SYS (Hardware) 425				

FY01 PRESIDENT'S BUDGET SUBMISSION (Dollars in Thousands)							A. Budget Submission FY01 PRESIDENT'S BUDGET					
B. Component/Business Area/Date DON/Depot Maintenance/NSY/Jan 00				C. Line# and Description 20/DEPOT MAINTENANCE STANDARD SYS. (I/D) (Internally			D. Site Identification NSY Arlington, VA (all sites)					
		FY 1999		FY 2000			FY 2001					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Software				1	9813	9813	1	9094	9094			

Narrative Justification:

Description
 NAVSEA assumed responsibility for Program Management of Depot Standard Systems by transfer agreement from the Joint Logistics Systems Center (JLSC) in 1997. These systems are managed, maintained and modified by the Navy Systems Support Group (NSSG), at Norfolk Naval Shipyard and supporting SSGs. The main systems include: BAIM, FEM, LIMS and TIMA and as well as responsibility for Navy and Fleet wide interfaces and integration with MRMS, AIMXp/MRQT and ongoing interface/integration maintenance between these systems and other Navy/DOI wide legacy systems to support merging/regional workload responsibilities. This interface/integration management reduces the need for proliferation of duplicative systems by other Navy/Fleet entities and promotes more cost effective maintenance management. With the completion of these systems to targeted NT Y2K compliant operating environment, these funds support: (1) advancement to full operating capability for LIMS, TIMA and FEM in the shipyards, (2) full rollout and stabilization of AIM/AIMXp, (3) programming of interfaces between AIM, MRQT/U2/MAT, (4) comprehensive upgrade of PSS scheduling, as well as to other Navy/DOD-wide legacy systems to support business process requirements changes.,

Justification
 This program is mandated. Depot Maintenance Standard Systems are supported by comprehensive DOD approved economic analysis.

Impact if not Funded
 If this project is not funded, Navy will lose all cost/benefits accrued to date in the implementation of Standard Depot-wide systems and be forced to revert to local initiatives and intenance. This will result in duplicative development and maintenance costs.

FY01 PRESIDENT'S BUDGET SUBMISSION (Dollars in Thousands)							A. Budget Submission FY01 PRESIDENT'S BUDGET					
B. Component/Business Area/Date DON/Depot Maintenance/NSY/Jan 00				C. Line# and Description 21/ENTERPRISE RESOURCE PLANNING (ERP) SYS (Software) (Off-			D. Site Identification NSY Arlington, VA (all sites)					
	FY 1999			FY 2000			FY 2001					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Software				1	3000	3000	1	16000	16000			

Narrative Justification:

Description

The purpose of this project is to acquire a comprehensive commercial off the shelf (COTS) software package called Enterprise Resource Planning (ERP) to replace multiple legacy systems currently operating in the shipyards. This ERP package will provide a single, end to end information system. The scope of this initiative encompasses depot and intermediate maintenance activities. It is envisioned that ERP software can eventually replace up to 50% of existing legacy systems. This project addresses ERP acquisition and implementation at Naval Shipyards only.

Justification

This project is chartered by the Department of Navy's Revolution in Business Affairs (RBA) initiative, Commercial Business Practices (CBP) Working Group chaired by COMNAVAIR. It is the objective of the group that the Navy capitalize on technology to achieve gains in productivity through a disciplined approach to effect business process change utilizing best practices. This initiative is being coordinated with CINCLANTFLT as an initiative to consolidate depot/intermediate level maintenance.

Impact if not Funded

The Navy has a diverse complex array of maintenance related information systems supporting all levels of maintenance. They are not interconnected nor do they generally pass information from one to the other. This restricts data visibility and sharing between depot/intermediate and regional commands. These individual systems are also founded on different technical standards and differing work processes and organization alignments. Further, there is no ability to link maintenance systems to logistics, financial and procurement systems. The Navy has the opportunity to consolidate and eliminate various duplicative maintenance, financial and procurement systems, and implement fewer, standard systems across the maintenance community by consolidating and eliminating cumbersome and duplication work processes, streamlining organizational alignments and acquiring and implementing new information technology system supporting these new processes.

FY01 PRESIDENT'S BUDGET SUBMISSION (Dollars in Thousands)							A. Budget Submission FY01 PRESIDENT'S BUDGET					
B. Component/Business Area/Date DON/Depot Maintenance/NSY/Jan 00				C. Line# and Description 22/DEPOT MAINTENANCE ACCOUNTING SYSTEMS, DIFMS			D. Site Identification NSY Arlington, VA (all sites)					
		FY 1999		FY 2000			FY 2001					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Software				1	500	500	1	3000	3000			

Narrative Justification:

Description
The Defense Industrial Financial Management System (DIFIMS) has been selected as the interim migratory accounting system recommended by the Defense Working Capital Fund Corporate Board for Navy Industrial Business Activities and as such shall be deployed to all Depot Maintenance activities within the Navy. It will perform core accounting functions such as funds distribution, general ledger, cost accounting and fixed assets tracking. DIFMS will require an interface with existing feeder systems.

Justification
This program is mandated.

Impact if not Funded

FY01 PRESIDENT'S BUDGET SUBMISSION (Dollars in Thousands)		A. Budget Submission FY01 PRESIDENT'S BUDGET		
B. Component/Business Area/Date DON/Depot Maintenance/NSY/Jan 00		C. Line# and Description 24/Miscellaneous (Minor Construction < \$500K)		D. Site Identification NA
	FY 1999	FY 2000	FY 2001	
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	
TOTAL COST		435	828	
Narrative Justification: Description Line item is comprised of miscellaneous Minor Construction projects greater than \$100K, but less than \$500K.				

Navy Working Capital Fund Capital Investment Summary

Business Area: DON/Depot Maintenance

Component: NAVAL SHIPYARDS

FY 2001 PRESIDENT'S BUDGET SUBMISSION

January 2000

(\$ in Millions)

FY	PROJECT TITLE	FY 2000 PRESIDENTS	ASSET / DEFICIENCY	FY 2001 PRESIDENT'S	EXPLANATION
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Non-ADP Equipment

00	CRAFT CRANE SETTLEMENT	15.400	0.000	15.400	No change
00	135 LONG TON PORTAL CRANE	14.650	0.000	14.650	No change
00	DRYDOCK #4 SKID MOUNTED VENT UNITS	3.000	0.000	3.000	No change
00	UHF TRUNKED RADIO SYSTEM	1.910	0.000	1.910	No change
00	800 TON FORGING PRESS	1.450	(1.450)	0.000	Realigned to fund SPAWAR ERP Pilot
00	CRANE, PORTAL, 60 TON (REPLACE #76), DESIGN	0.000	0.335	0.335	Design authority was previously included in the Miscellaneous Non-ADP Category in the FY 2000 President's Budget
00	MISCELLANEOUS NON-ADP >\$500K,<\$1,000K	3.852	(0.600)	3.252	Realigned to fund SPAWAR ERP Pilot
00	MISCELLANEOUS NON-ADP <\$500K	4.640	(0.884)	3.756	Realigned to fund SPAWAR ERP Pilot

Total Non-ADP Equipment		44.902	(2.599)	42.303	
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ADP & TELECOMMUNICATIONS EQUIPMENT

00	NAVAL SHIPYARD INFRASTRUCTURE INTEGRATION	5.000	(3.500)	1.500	Realigned to fund SPAWAR ERP Pilot
00	MISCELLANEOUS ADP>\$500K; <\$1,000K)	0.920	(0.220)	0.700	Realigned to fund SPAWAR ERP Pilot

Total ADP & Telecommunications Equipment		5.920	(3.720)	2.200	
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Navy Working Capital Fund Capital Investment Summary

Business Area: DON/Depot Maintenance

Component: NAVAL SHIPYARDS

FY 2001 PRESIDENT'S BUDGET SUBMISSION

January 2000

(\$ in Millions)

FY	PROJECT TITLE	FY 2000 PRESIDENTS	ASSET / DEFICIENCY	FY 2001 PRESIDENT'S	EXPLANATION
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ADP SOFTWARE DEVELOPMENT

00	DIFMS IMPLEMENTATION	0.500	0.000	0.500	No change
00	DEFENSE MAINTENANCE STANDARD SYSTEM	12.813	(3.000)	9.813	Realigned to Shipyard \$3.0M ERP
00	ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM	0.000	3.000	3.000	Start-up on Regional Maintenance ERP for Shipyard activities

Total Software Development		13.313	0.000	13.313	
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MINOR CONSTRUCTION

00	MINOR CONSTRUCTION <\$500K	1.165	(0.730)	0.435	Reduced Minor Construction by \$0.730M as part of FMB \$7.049M mark to cover SPAWAR ERP Pilot
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Total Minor Construction		1.165	(0.730)	0.435	
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GRAND TOTAL		65.300	(7.049)	58.251	
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**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
NAVAL AVIATION DEPOTS
FY 2001 PRESIDENT'S BUDGET
FEBRUARY 2000**

ACTIVITY GROUP FUNCTION

To provide responsive worldwide maintenance, engineering, and logistics support to the Fleet and ensure a core industrial resource base essential for mobilization; repair aircraft, engines, and components, and manufacture parts and assemblies; provide engineering services in the development of hardware design changes, and furnish technical and other professional services to solve maintenance and logistics problems.

ACTIVITY GROUP COMPOSITION

<u>Activities</u>	<u>Location</u>
NAVAVNDEPOT, Cherry Point	Cherry Point, NC
NAVAVNDEPOT, Jacksonville	Jacksonville, FL
NAVAVNDEPOT, North Island	San Diego, CA

BUDGET HIGHLIGHTS

General

The budget for the Naval Aviation Depots (NADEPs) reflects operations of both the remaining and closed depots. At the remaining depots, increased usage of contractor personnel peaks in FY 2000. Additionally, the budget reflects a significant increase in revenue and associated billings in the automated accounting and billing systems in FY 2000 due to implementation of revenue recognition based on percentage of completion; savings associated with Strategic Sourcing in FY 2001; significant reductions in civilian personnel in FY 2001; and significant investment in capital assets in FY 2000 and FY2001. Transactions at the closed depots consist primarily of the liquidation of residual work-in-process and payables.

BUDGET HIGHLIGHTS

Workload. Projected new customer for FY 2000 and FY 2001 are budgeted at \$1.75 billion, and \$1.69 billion, respectively. FY 2000 orders are increased over the FY 1999 new orders amount of \$1.64 million due to increased component, modification, and engine work.

<u>Summary of Workload Indicators:</u>	(Inducted Units)		
	FY 1999	FY 2000	FY 2001
AIRFRAMES	285	383	402
ENGINES	889	929	630

FY 1999-2000 airframe units reflect the conversion to the new Integrated Maintenance Concept.

Stabilized Rates. The FY 2001 average stabilized rate is \$146.91 per direct labor hour, an increase of 14.34% over the average FY 2000 stabilized rate of \$128.48. The FY 2001 rate includes a positive recoupment \$28.9 million to fund prior year losses, a capital asset surcharge of \$8.3 million, and reflects increased non-labor cost and fewer direct labor hours due to a change from FY 2000 in the mix of work being performed in FY 2001.

Revenue. Revenue was \$1.5 billion in FY 1999 and is projected to be \$2.5 billion in FY 2000 and \$1.7 billion in FY 2001. The significant increase between FY 1999 and FY 2000 (\$1.0B) is primarily due to implementation of revenue recognition based on percentage of completion (in the automated accounting/billing systems) vice the revenue recognition method used in FY 1999 (completed order) and increased workload. FY 2001 revenue includes recoupment of prior year losses and a capital asset surcharge. Allocated direct labor hours are 11,475,930 in FY 1999, 12,662,546 in FY 2000, and 11,711,882 in FY 2001.

Costs. The budgeted Cost of Operations is \$1.5 billion for FY 1999 (actual), \$2.5 billion for FY 2000 and \$1.7 billion for FY 2001. The explanations given above for revenue changes also explain cost changes between fiscal years.

Strategic Sourcing. Savings and associated investment costs for A-76 studies and efficiencies for FY 2000 and FY 2001 have been incorporated in this budget. Savings reflected in the budget are as follows:

	(\$ in Millions)		
	FY 1999	FY 2000	FY 2001
A-76	(\$1.0)	\$7.1	(\$2.5)
Efficiencies	\$2.1	\$2.8	\$25.1
Total	\$1.1	\$9.9	\$22.6

Note: Numbers in parentheses indicate a cost rather than a savings.

Unit Cost Goals. The budget reflects the following FY 1999-2001 unit cost goals:

	(\$ and Direct Labor Hours in Millions)		
	FY 1999	FY 2000	FY 2001
Total Costs Incurred	\$1,566.9	\$1,765.8	\$1,681.9
Direct Labor Hours (DLHs)	11.476	12.663	11.712
Unit Cost	\$136.54	\$139.45	\$143.60
% Change Workload/DLHs	-	+10.3%	-7.5%
% Change Unit Cost	-	+2.13%	+2.98%

Operating Results and Accumulated Operating Results. Operating Results, Revenue less Cost of Goods Sold and capital surcharges, for FY 2000 and FY 2001 are budgeted at negative \$11.3 million, and \$29 million, respectively. In FY 2000, \$7.4 million of recognized loss associated with the disposal of excess material is excluded from the FY 2000 Accumulated Operating Results. Since the excess material had been transferred to an open depot from a depot which closed under Base Relignment and Closure (BRAC), this amount was excluded from the FY 2000 Accumulated Operating Results and is therefore not being recovered in the FY 2001 stabilized rate. The table on the next page details the budgeted Operating Results and Accumulated Operating Results.

(\$ and in Millions)

	FY 1999	FY 2000	FY 2001
Revenue less Cost of Goods Sold	\$18.6	\$2.9	\$37.3
Surcharge	-\$42.1	-\$14.2	-\$8.3
Operating Results	-\$23.5	-\$11.3	\$29.0
Extraordinary Expenses	-\$17.2	0	0
Prior Year Adjustment (BRAC excess material)	0	\$7.4	0
Accumulated Operating Results	-\$25.0	-\$28.9	0

SUMMARY OF PERSONNEL RESOURCES. Personnel numbers budgeted for the aviation depots are as follows:

	FY 1999	FY 2000	FY 2001
Civilian Personnel:			
End Strength	10,632	11,211	10,575
Workyears w/ OT	11,982	12,353	12,093
Workyears w/o OT	10,843	11,239	11,005
Military Personnel:			
End Strength	94	126	133
Workyears	93	126	125
Contractor Personnel:			
Workyears	343	898	535

The decrease in Civilian End Strength from FY 2000 to FY 2001 reflects the reduced workload and personnel savings associated with Strategic Sourcing.

Summary of Capital Purchases Program (CPP). The CPP budget reflects significant investment in Consolidated Automated Support System, Depot Maintenance System (DMS), Configuration Management Information System (CMIS), and Enterprise Resource Planning (ERP) requirements. Amounts included in the budget for CPP are as follow:

	(\$ in Millions)		
	FY 1999	FY 2000	FY 2001
Equipment-non ADPE &TELECOM	19.9	14.5	19.9
Minor Construction	4.9	4.9	4.9
Equipment-ADPE &TELECOM	5.3	1.8	1.2
Software Development	18.4	20.3	24.0
Total	\$48.5	\$41.5	\$50.0

The FY 2000 level increased by \$11.9 million from the President's budget mainly due to two projects not previously budgeted: Depot Maintenance System (DMS), \$11.3 million; and the Enterprise Resource Planning (ERP) system, \$9.0 million. Lower priority projects have been eliminated or postponed to the outyears to accommodate these high priority items. FY 2001 includes \$11.0 million for DMS and \$13.0 million for ERP.

INDUSTRIAL BUDGET INFORMATION SYSTEM
REVENUE and EXPENSES
AMOUNT IN MILLIONS
NADEP / TOTAL

	FY 1999 CON	FY 2000 CON	FY 2001 CON
Revenue:			
Gross Sales			
Operations	1,411.0	2,483.9	1,669.9
Surcharges	42.1	14.2	8.3
Depreciation excluding Major Construction	31.5	33.3	41.8
Other Income			
Total Income	1,484.6	2,531.4	1,720.0
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	8.6	7.1	7.6
Civilian Personnel	631.8	687.8	704.1
Travel and Transportation of Personnel	18.8	21.8	23.5
Material & Supplies (Internal Operations	594.3	703.7	618.2
Equipment	80.3	91.0	109.4
Other Purchases from NWCF	37.9	45.2	42.1
Transportation of Things	1.1	.9	.9
Depreciation - Capital	31.5	33.3	41.8
Printing and Reproduction	2.2	3.0	3.1
Advisory and Assistance Services	11.8	19.4	8.3
Rent, Communication & Utilities	33.6	37.7	38.1
Other Purchased Services	135.3	132.9	106.1
Total Expenses	1,587.1	1,783.8	1,703.2
Work in Process Adjustment	-100.9	762.7	.8
Comp Work for Activity Reten Adjustment	-20.2	-18.0	-21.3
Cost of Goods Sold	1,466.0	2,528.5	1,682.7
Operating Result	18.6	2.9	37.3
Less Surcharges	-42.1	-14.2	-8.3
Plus Appropriations Affecting NOR/AOR	.0	.0	.0
Other Changes Affecting NOR/AOR	-14.8	.0	.0
Extraordinary Expenses Unmatched	-2.5	.0	.0
Net Operating Result	-40.7	-11.3	28.9
Other Changes Affecting AOR	.0	7.4	.0
Accumulated Operating Result	-25.0	-28.9	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
Source of Revenue
AMOUNT IN MILLIONS
NADEP / TOTAL

	FY 1999 CON	FY 2000 CON	FY 2001 CON
1. New Orders	1,645.4	1,749.7	1,693.9
a. Orders from DoD Components	798.0	882.4	801.2
Department of the Navy	799.0	865.9	769.7
O & M, Navy	569.7	610.4	550.7
O & M, Marine Corps	.3	.0	.0
O & M, Navy Reserve	33.1	30.8	38.0
O & M, Marine Corp Reserve	.0	.0	.0
Aircraft Procurement, Navy	161.3	186.8	153.4
Weapons Procurement, Navy	.1	.0	.0
Ammunition Procurement, Navy/MC	.0	.0	.0
Shipbuilding & Conversion, Navy	.1	.0	.0
Other Procurement, Navy	3.1	.0	.0
Procurement, Marine Corps	.0	.0	.0
Family Housing, Navy/MC	.0	.0	.0
Research, Dev., Test, & Eval, Navy	31.1	36.6	27.6
Military Construction, Navy	.0	.0	.0
Other Navy Appropriations	.2	1.3	.0
Other Marine Corps Appropriations	.0	.0	.0
Department of the Army	.6	1.8	1.9
Army Operation & Maintenance	.4	1.8	1.9
Army Res, Dev, Test, Eval	.2	.0	.0
Army Procurement	.0	.0	.0
Army Other	.0	.0	.0
Department of the Air Force	2.8	23.0	29.2
Air Force Operation & Maintenance	2.0	21.8	27.9
Air Force Res, Dev, Test, Eval	-.3	.0	.0
Air Force Procurement	1.2	1.1	1.3
Air Force Other	.0	.0	.0
DOD Appropriation Accounts	-4.5	-8.3	.4
Base Closure & Realignment	-4.6	-8.8	.0
Operation & Maintenance Accounts	.1	.1	.1
Res, Dev, Test & Eval Accounts	.0	.0	.0
Procurement Accounts	.0	.3	.3
DOD Other	.0	.1	.0
b. Orders from NWCF Business Area	784.5	834.7	864.4
c. Total DoD	1,582.5	1,717.2	1,665.5
d. Other Orders	63.0	32.6	28.4
Other Federal Agencies	31.5	2.9	3.1
Foreign Military Sales	31.5	29.7	25.3
Non Federal Agencies	.0	.0	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
Source of Revenue
AMOUNT IN MILLIONS
NADEP / TOTAL

	FY 1999 CON	FY 2000 CON	FY 2001 CON
2. Carry-In Orders	1,123.0	1,283.8	502.2
3. Total Gross Orders	2,768.4	3,033.5	2,196.1
4. Funded Carry-Over **	1,283.8	502.2	476.1
5. Less Passthrough	.0	.0	.0
6. Total Gross Sales	1,484.6	2,531.4	1,720.0
 Adjusted Carry-Over	 337.4	 318.2	 299.0

** Carry over data before adjustments for
work-in-process, BRAC, FMS, non-DOD and
contractual obligations.

**FY 2001 President's Budget
Navy Working Capital Fund
Changes in the Costs in Opeation
Activity Group: Naval Aviation Depots
February 2000
(DOLLARS IN MILLIONS)**

	<u>Cost</u>
FY 1999 Actual	1,587.1
1. FY 2000 President's Budget	1,659.4
2. Pricing Adjustments	0.9
a. Annualization / Pay Raises	1.9
b. Fuel	0.0
c. Working Capital Fund Purchases	0.0
e. General Purchases Inflation	(1.0)
3. Productivity Initiatives & Other Efficiencies	9.9
a. A-76	7.1
b. Efficiencies	2.8
4. Program Changes (Workload Changes)	114.4
a. Airframes	(3.2)
b. Engines	34.0
c. Components	70.5
e. PSD	(10.6)
f. Modification	36.8
g. Other Support	(13.1)
5. Other Changes in:	(0.8)
a. Depreciation	(4.8)
b. DFAS	4.0
6. FY 2000 Current Estimate	1,783.8

**FY 2001 President's Budget
Navy Working Capital Fund
Changes in the Costs in Opeation
Activity Group: Naval Aviation Depots
February 2000
(DOLLARS IN MILLIONS)**

1.	FY 2000 Current Estimate	1,783.8
2.	Pricing Adjustments	114.1
a.	Annualization/Pay Raises	27.5
b.	Fuel	1.6
c.	Working Capital Fund Purchases	81.5
d.	Other Intrafund Purchases	0.8
e.	Travel/Transportation	0.1
f.	Other Purchases	2.6
3.	Productivity Initiatives & Other Efficiencies	(25.0)
a.	A-76	2.5
b.	Efficiencies	(25.1)
c.	CPP	(2.4)
4.	Program Changes (Workload Changes)	(178.2)
a.	Airframes	(29.5)
b.	Engines	(85.0)
c.	Components	(8.9)
e.	PSD	(31.0)
f.	Modification	(8.1)
g.	Other Support	(15.7)
5.	Other Changes in:	8.5
a.	Depreciation	8.5
6.	FY 2001 Current Estimate	1,703.2

FY 2001 President's Budget
Navy Working Capital Fund
MATERIAL INVENTORY DATA
Activity Group: Naval Aviation Depots
February 2000

(Dollars in Millions)

FY 1999

	<u>Total</u>	<u>Mobilization</u>	<u>Peacetime</u>	
			<u>Operating</u>	<u>Other</u>
Material Inventory BOP	\$ 155.4		\$ 155.4	
Purchases				
A. Purchases to Support Customer Orders	\$ 655.6	\$ -	\$ 655.6	\$ -
B. Purchases of Long Lead Items in Advance of Customer Orders	\$ -	\$ -	\$ -	\$ -
C. Other Purchases	\$ -	\$ -	\$ -	\$ -
D. Total Purchases	\$ 655.6	\$ -	\$ 655.6	\$ -
Material Inventory Adjustments				
A. Material Used in Maintenance	\$ 674.6	\$ -	\$ 674.6	\$ -
B. Disposals, Theft, Losses Due to Damages	\$ -	\$ -	\$ -	\$ -
C. Other Reduction	\$ -	\$ -	\$ -	\$ -
D. Total Inventory Adjustments	\$ 674.6	\$ -	\$ 674.6	\$ -
Material Inventory EOP	\$ 136.4	\$ -	\$ 136.4	\$ -

FY 2001 President's Budget
Navy Working Capital Fund
MATERIAL INVENTORY DATA
Activity Group: Naval Aviation Depots
February 2000

(Dollars in Millions)

FY 2000

	<u>Total</u>	<u>Mobilization</u>	<u>Peacetime</u>	
			<u>Operating</u>	<u>Other</u>
Material Inventory BOP	\$ 136.4	\$ -	\$ 136.4	\$ -
Purchases				
A. Purchases to Support Customer Orders	\$ 807.4	\$ -	\$ 807.4	\$ -
B. Purchases of Long Lead Items in Advance of Customer Orders	\$ -	\$ -	\$ -	\$ -
C. Other Purchases	\$ -	\$ -	\$ -	\$ -
D. Total Purchases	\$ 807.4	\$ -	\$ 807.4	\$ -
Material Inventory Adjustments				
A. Material Used in Maintenance	\$ 794.8	\$ -	\$ 794.8	\$ -
B. Disposals, Theft, Losses Due to Damages	\$ -	\$ -	\$ -	\$ -
C. Other Reduction	\$ -	\$ -	\$ -	\$ -
D. Total Inventory Adjustments	\$ 794.8	\$ -	\$ 794.8	\$ -
Material Inventory EOP	\$ 149.0	\$ -	\$ 149.0	\$ -

FY 2001 President's Budget
Navy Working Capital Fund
MATERIAL INVENTORY DATA
Activity Group: Naval Aviation Depots
February 2000

(Dollars in Millions)

FY 2001

	<u>Total</u>	<u>Mobilization</u>	<u>Peacetime</u>	
			<u>Operating</u>	<u>Other</u>
Material Inventory BOP	\$ 149.0	\$ -	\$ 149.0	\$ -
Purchases				
A. Purchases to Support Customer Orders	\$ 724.7	\$ -	\$ 724.7	\$ -
B. Purchases of Long Lead Items in Advance of Customer Orders	\$ -	\$ -	\$ -	\$ -
C. Other Purchases	\$ -	\$ -	\$ -	\$ -
D. Total Purchases	\$ 724.7	\$ -	\$ 724.7	\$ -
Material Inventory Adjustments				
A. Material Used in Maintenance	\$ 727.6	\$ -	\$ 727.6	\$ -
B. Disposals, Theft, Losses Due to Damages	\$ -	\$ -	\$ -	\$ -
C. Other Reduction	\$ -	\$ -	\$ -	\$ -
D. Total Inventory Adjustments	\$ 727.6	\$ -	\$ 727.6	\$ -
Material Inventory EOP	\$ 146.1	\$ -	\$ 146.1	\$ -

FY 2001 PRESIDENT'S BUDGET
CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - AVIATION DEPOTS
 (\$ In Millions)

	ITEM DESCRIPTION	FY 1999		FY 2000		FY 2001	
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
	TOTAL NON-ADP CAPITAL PURCHASES PROGRAM		24.825		19.369		24.756
	TOTAL ADP CAPITAL PURCHASES PROGRAM		23.683		22.085		25.231
	GRAND TOTAL CAPITAL PURCHASES PROGRAM		48.508		41.454		49.987

FY 2001 PRESIDENT'S BUDGET
CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - AVIATION DEPOTS
(\$ In Millions)

ITEM LINE #			ITEM DESCRIPTION	FY 1999		FY 2000		FY 2001	
				Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
			1a. EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)						
			Replacement						
6 DC	9 EL 0400	P R	HYDRAULIC TEST STATIONS (3)	3	2.400				
6 DC	8 EL 0387	P R	DAATS TPS OFFLOAD	1	2.160				
6 DF	9 EL 0004	P R	HVOF METAL SPRAY COATING SYSTEM (E)	1	1.500				
6 DE	0 EL 0276	P R	VERTICAL GRINDERS (2)	2	1.500				
6 DE	8 EL 0240	P R	CNC LATHES (4)	4	1.390				
6 DF	9 EL 0021	P R	K&T MODULINE 5-AXIS REPLACEMENT	1	1.200				
6 DC	0 EL 0405	P R	DEPOT ATE TPS OFFLOAD TO CASS			1	1.500	1	1.500
6 DF	0 EL 0009	P R	AIR TURBINE STARTER TEST STAND UPGRADE			1	1.500		
6 DE	0 EL 0259	P R	VERTICAL TURNING CENTER			1	1.360		
6 DE	0 EL 0273	P R	F404 MFC TEST STAND UPGRADE			1	1.203		
6 DF	0 EL 0088	P R	WHIRLTOWER DC MOTOR REPLACEMENT			1	1.000		
6 DE	1 EL 0279	P R	JIG GRINDERS (2)					2	1.800
6 DF	1 EL 0042	P R	PLASTIC MEDIA BLAST REPLACEMENT					1	1.500
6 DE	1 EL 0280	P R	CNC VERTICAL LATHES (3)					3	1.000
			Productivity						
			New Mission						
DN	8 EL 0000	N	CASS STATION EQUIPMENT	1	1.200				
			Environmental Compliance						
6 DE	1 EL 0246	P E	101S PMB PAINT STRIPPING SYSTEM					1	2.505
6 DF	1 EL 0041	P E	FLASHJET ROBOTIC DEPAINTING SYSTEM					1	1.425
			SUBTOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)		11.350		6.563		9.730
DN	EU 0000		1b. EQUIPMENT, OTHER THAN ADPE & TELECOM (<\$1M)	23	8.564	23	7.877	26	10.178
			2. TOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM		19.914		14.440		19.908
DN	MC 0000		3. MINOR CONSTRUCTION	18	4.911	17	4.929	16	4.848
			TOTAL NON-ADP CAPITAL PURCHASES PROGRAM		24.825		19.369		24.756

FY 2001 PRESIDENT'S BUDGET
CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - AVIATION DEPOTS
(\$ In Millions)

ITEM LINE #	ITEM DESCRIPTION	FY 1999		FY 2000		FY 2001	
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
6 DF KL 0006 G R 6 DF KL 0001 G R DN KU	1a. ADPE & TELECOMMUNICATIONS (>\$1M)						
	Computer Hardware (Production)						
	NALCCOIS REPLACEMENTS	1	1.000				
	LAN ENHANCEMENT	1	1.000				
	SUBTOTAL ADPE & TELECOMMUNICATIONS (>\$1M)		2.000		0.000		0.000
	1b. ADPE & TELECOMMUNICATIONS (<\$1M)	10	3.245	7	1.750	3	1.225
	2. TOTAL ADPE & TELECOMMUNICATIONS		5.245		1.750		1.225
DN DL 0JT1 G P DN DL 0JT2 G P DN DL 0000 G P 7 DN DL 0001 G R DN DU	3a. SOFTWARE DEVELOPMENT (>\$1M)						
	Internally Developed						
	DEPOT MAINTENANCE SYSTEM (DMS) - JLSC TRANSFER / NDMS	3	12.700	3	11.335	3	11.006
	CONFIGURATION MGMT INFO SYS (CMIS) - JLSC TRANSFER	3	5.100				
	DIFMS/NIMMS OSE REENGINEERING	3	.638				
	ENTERPRISE RESOURCE PLANNING			3	9.000	3	13.000
	SUBTOTAL SOFTWARE DEVELOPMENT (>\$1M)		18.438		20.335		24.006
	3b. SOFTWARE DEVELOPMENT (<\$1M)	0	0.000	0	0.000	0	0.000
	3. TOTAL SOFTWARE DEVELOPMENT		18.438		20.335		24.006
TOTAL ADP CAPITAL PURCHASES PROGRAM			23.683		22.085		25.231

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY 2001 PRESIDENT'S BUDGET																						
B. Department of the Navy/Depot Maintenance/Aviation Depot				C. DEPOT ATE TPS OFFLOAD TO CASS				D. North Island																					
				6DC0EL0405PR																									
1999				2000			2001																						
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST			0	1	1500	1500	1	1500	1500																				
OPERATIONAL DATE 1-Oct-00 METRICS: <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:25%;"></td> <td style="width:15%; text-align: center;"><u>AVOIDANCE</u></td> <td style="width:15%; text-align: center;"><u>SAVINGS</u></td> <td style="width:15%; text-align: center;"><u>TOTAL</u></td> </tr> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$302,354</td> <td style="text-align: right;">\$302,354</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$185,783</td> <td style="text-align: right;">\$185,783</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td style="text-align: right;">#DIV/0!</td> <td style="text-align: right;">50.9</td> <td style="text-align: right;">50.9</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td style="text-align: right;">0.0%</td> <td style="text-align: right;">6.2%</td> <td style="text-align: right;">6.2%</td> </tr> </table>											<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>	PROJECTED ANNUAL SAVINGS	\$0	\$302,354	\$302,354	AVERAGE ANNUAL SAVINGS (Discounted)	\$0	\$185,783	\$185,783	PAYBACK PERIOD	#DIV/0!	50.9	50.9	RATE OF RETURN (ROR)	0.0%	6.2%	6.2%
	<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>																										
PROJECTED ANNUAL SAVINGS	\$0	\$302,354	\$302,354																										
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PAYBACK PERIOD	#DIV/0!	50.9	50.9																										
RATE OF RETURN (ROR)	0.0%	6.2%	6.2%																										
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.) <div style="border: 1px solid black; padding: 5px;"> <p>1. DESCRIPTION & PURPOSE OF PROJECT. Depot Automatic Test Equipment (ATE) Test Program Set (TPS) offload to Consolidated Automated Support System (CASS) is for the conversion of 76 TPSs, currently used on the AAI 5500, Ironman, GENRAD, and IAMPS 2 and 3 testers, for use on the USM-636(V) CASS. The TPSs support the test and repair of a variety of avionics components inducted into NADEP as NAVICP level-schedule workload.</p> <p>2.WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The WJ 1540, AAI 5500, Ironman, GENRAD, and IAMPS testers are past the end of their service lives and are becoming unsupportable. Many of their components are obsolete and irreplaceable. As these testers get older it gets harder to find repair parts, and therefore takes longer to repair them. The repair delays cause component processing times to exceed workload standards and result in revenue losses to the NADEP. NADEP needs a new automatic test system to assume the workload currently performed on these testers. The replacement system must be more reliable and more easily repairable. CASS is the Navy's designated automatic test system, currently being introduced into the Intermediate Maintenance Level inventory. It will be logistically supportable well into the 21st century, and is supported by a pre-planned product improvement (P3I) Program in NAVAIR.</p> <p>3. WHAT ALTERNATIVES HAVE BEEN CONSIDERED? A. DO NOTHING - Continue to use these testers. Annual operating costs are currently \$591,000, but expected to escalate as the testers age. Revenue losses due to production delays are currently unknown. All of these testers are so obsolete that there are no replacements for their major control components (8" floppy disk drives and paper tape readers, for example). When one of these critical components fails catastrophically, the whole test system will have to be replaced.</p> <p style="margin-left: 20px;">Each tester type has a unique test language, operating system, interface pin matrix, program storage medium, and control computer. The following table illustrates:</p> <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:15%;">Tester</td> <td style="width:25%;">Test Language</td> <td style="width:25%;">Operating System</td> </tr> <tr> <td>WJ</td> <td>COLT</td> <td>WJ Test Exec</td> </tr> <tr> <td>AAI 5500</td> <td>DETOL</td> <td>AAI Test Exec</td> </tr> <tr> <td>GenRad</td> <td>GenRad BASIC</td> <td>GenRad Test Exec</td> </tr> <tr> <td>IAMPS</td> <td>Apple BASIC</td> <td>Apple DOS</td> </tr> <tr> <td>Ironman</td> <td>TOPS</td> <td>MARTOS</td> </tr> </table> <p>This situation forces the Production Shop, as well as the Test Program Engineering Team, to retain staffs (system experts) with skills to support and operate these diverse systems.</p> <p>B. REPLACE THESE TESTERS WITH NEW COMMERCIAL MODELS - All of the original tester manufacturers, except AAI Corporation, are out of the ATE business, so there are no exact replacements that can operate the existing TPSs without substantial software and hardware modifications. Replacing these testers with commercial testers would perpetuate the current situation of having to support an inventory of one-of-a-kind testers having short life cycles, and being dependent on commercial vendors. The estimated cost to acquire new commercial testers capable of producing the same volume of work is \$2,800,000. The estimated cost of translating the TPS software and modifying the TPS interface devices to operate on the new testers is \$3,000,000.</p> <p>C. OFFLOAD THE EXISTING TPSs TO CASS - NADEP is already acquiring new CASS stations in the FY-2000 to FY-2001 timeframe to accommodate new workload. The new CASS stations will have extra capacity that NADEP can use to produce the components currently processed on the obsolete testers. The estimated cost of translating the TPS software and modifying the TPS interface devices to operate on CASS is also \$3,000,000.</p> </div>										Tester	Test Language	Operating System	WJ	COLT	WJ Test Exec	AAI 5500	DETOL	AAI Test Exec	GenRad	GenRad BASIC	GenRad Test Exec	IAMPS	Apple BASIC	Apple DOS	Ironman	TOPS	MARTOS		
Tester	Test Language	Operating System																											
WJ	COLT	WJ Test Exec																											
AAI 5500	DETOL	AAI Test Exec																											
GenRad	GenRad BASIC	GenRad Test Exec																											
IAMPS	Apple BASIC	Apple DOS																											
Ironman	TOPS	MARTOS																											

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)		A. FY 2001 PRESIDENT'S BUDGET	
B. Department of the Navy/Depot Maintenance/Aviation Depot	C. DEPOT ATE TPS OFFLOAD TO CASS 6DC0EL0405PR		D. North Island
PROJECT INFORMATION NARRATIVE: (CONTINUATION)			
<p>4. IMPACT IF NOT ACQUIRED. The existing testers will break down more frequently, resulting in continually diminishing productivity, until all of their designated component production stops, or the per unit repair cost becomes unacceptable to the customer. NAVICP and other customers will find other sources for those components and NADEP will lose that workload. This scenario could materialize within three years.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.</p>			

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY 2001 PRESIDENT'S BUDGET																						
B. Department of the Navy/Depot Maintenance/Aviation Depot				C. AIR TURBINE STARTER TEST STAND UPGRADE				D. Cherry Point																					
				6DF0EL0009PR																									
1999				2000			2001																						
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST			0	1	1500	1500			0																				
OPERATIONAL DATE 30-Jun-02 METRICS: <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:20%;"></td> <td style="width:20%; text-align: right;"><u>AVOIDANCE</u></td> <td style="width:20%; text-align: right;"><u>SAVINGS</u></td> <td style="width:20%; text-align: right;"><u>TOTAL</u></td> </tr> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td style="text-align: right;">\$196,331</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$196,331</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td style="text-align: right;">\$111,478</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$111,478</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td style="text-align: right;">15.2</td> <td style="text-align: right;">#DIV/0!</td> <td style="text-align: right;">15.2</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td style="text-align: right;">7%</td> <td style="text-align: right;">0%</td> <td style="text-align: right;">7%</td> </tr> </table>											<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>	PROJECTED ANNUAL SAVINGS	\$196,331	\$0	\$196,331	AVERAGE ANNUAL SAVINGS (Discounted)	\$111,478	\$0	\$111,478	PAYBACK PERIOD	15.2	#DIV/0!	15.2	RATE OF RETURN (ROR)	7%	0%	7%
	<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>																										
PROJECTED ANNUAL SAVINGS	\$196,331	\$0	\$196,331																										
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RATE OF RETURN (ROR)	7%	0%	7%																										
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.) <div style="border: 1px solid black; padding: 5px;"> <p>1. DESCRIPTION & PURPOSE OF PROJECT.</p> <p>This project proposes to upgrade and replace two existing air turbine starter test stands in the pneumatics branch with modern state of the art test cell equipment.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?</p> <p>The Naval Aviation Depot (NADEP) Cherry Point is the U.S. Navy designated depot level overhaul and repair center for the overhaul and/or repair and testing of aircraft pneumatic systems, components and accessories. Workload levels have significantly increased over the last year due to transition of all pneumatics systems workload from Alameda, CA NADEP to Cherry Point. Cherry Point is in the process of completing a new state of the art Air Turbine Starter (ATS) Test system. Since development of this new test cell workload will be increasing to 2485 starters per year. In addition, there are two other existing test stands: one of these was designed, built, and provided for use on SH60 rotary wing air turbine starters only, which represent only 16% of our current workload; the other stand (Bendix universal) is currently the only stand (until the new system comes on line approximately May 1998) used to test all other starters (84% of the workload). This latter stand has been in operation at this Depot since 1961. Mechanical maintenance requirements are extensive, requiring at least 15 hours of attention a week. Mechanical maintenance issues include: failed gear boxes (NADEP has replaced these with in house manufacture) and brake system replacement. Primary fatigue problems with the mechanical subsystem are considered inevitable. In addition, the instrumentation and control of both of these older stands is obsolete. This is the only remaining test cell control system in the pneumatics area that is not a digital computer and does not have data acquisition capability. The proposed solution is to replace the two existing test stands with a modern control, data acquisition, display, and reporting system; as well as mechanical hardware replacement consisting of valves, plumbing and sensors. The new test cell will be identical to the test cell that is now under development and will provide more accurate control and measurement of unit under test (UUT) and equipment/facility performance. Data acquisition systems (DAS) are the current trend for state-of-the-art engine and aircraft component test cells. With the DAS the operator can see every unit under test (UUT) and facility parameter at one time, displayed directly in front of him on a single CRT screen. The operator will be able to respond immediately to any abnormal or dangerous conditions. The interrupt feature allows the system to shut down automatically when a dangerous condition exists. A DAS facilitates the use of statistical process control (SPC) and stores data records per starter. The production shop can use the SPC functions to improve quality and identify the source of chronic problems, thus reducing work in process and turn around time. SPC can also be used by the Product Support Directorate, MCAS, Cherry Point NC, to create starter performance studies based on an accurate, reliable data base. The proposed ATS Test Cell consists of:</p> <ul style="list-style-type: none"> a. Instrumentation (transducers, torque meters, thermocouples, and vibration sensors). b. Data Acquisition System Upgrade. c. Air Distribution system (piping, valves, and air flow sections for control/regulation and monitoring of process air pressure, temperature, and flow) d. Operators Console (console cabinet/desk top housing various digital meters gauges, and controls for: operation of air turbine starter test bed, instrumentation, and air distribution system; and interface with the data acquisition system). <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?</p> <p>Status Quo results will result in maintenance costs and inefficiencies resulting from the use of antiquated, worn out equipment. The Bendix Test Stand is also technically obsolete, because it lacks a data acquisition, display, and reporting system. Currently, test results (i.e., in the form of graphs and numerical data) are manually recorded by an operator while the test is running. Once all required data for a testpoint is recorded, the operator prompts the system to move to the next testpoint and records the data. This form of data collection is used throughout the test and takes considerably longer to carry out than automatic acquisition of data. Upgrade Test Cell with An ADAS and electrical/mechanical hardware replacement consisting of valves, plumbing and sensors and replacement test bed for the Bendix. The upgraded test cell provides more accurate control and measurement of starter performance than can presently be obtained.</p> <p>4. IMPACT IF NOT ACQUIRED.</p> <p>Loss of workload (approximately, 1,242 units, equating to \$5,081,825).</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.</p> </div>																													

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY 2001 PRESIDENT'S BUDGET																						
B. Department of the Navy/Depot Maintenance/Aviation Depot				C. VERTICAL TURNING CENTER			D. Jacksonville																						
				6DE0EL0259PR																									
				1999		2000		2001																					
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST			0	1	1360	1360			0																				
OPERATIONAL DATE 1-May-01																													
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PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)																													
<p>1. DESCRIPTION & PURPOSE OF PROJECT.</p> <p>Procure a new Vertical Turning Center. The new machine will have state of the art electronics and be factory supported for approximately ten years. Also, new table bearings and machine ways will guarantee the accuracies required for aircraft components.</p>																													
<p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?</p> <p>The existing CNC Lathe 65887-603965 is experiencing maintenance problems due to its age. The lathe was manufactured in 1972 as a manual lathe, and then converted to CNC in 1987 using various manufacturer's components. Current problems are mostly electronic in nature (drive boards, servo motor) and replacement parts are becoming increasingly harder to obtain. Other problems are excessive wear on the table bearings. A machine of this age is basically unsupportable. Workload for this CNC lathe is the TF34 and F404 engine programs.</p>																													
<p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?</p> <p>a. Assume replacement with new CNC lathe - Turning Center.</p> <p>b. Perform work on two similar CNC lathes.</p> <p>c. Contract out the workload to a shop that has been certified for "Flight Critical" component repair/manufacture.</p> <p>d. Acquire a maintenance plan with a vendor who can rebuild circuit boards and perform mechanical repairs.</p>																													
<p>4. IMPACT IF NOT ACQUIRED.</p> <p>1. If the option to utilize the two similar CNC lathes is chosen, the transferred workload will have to compete with the workload assigned to that machine. Also, the age and condition of the similar CNC lathes will add risk to meeting the engine schedule. Current workload on those machines are TF34 and F404 Combustion Liners. A significant amount of workload is Air Force contract work that has mandatory completion dates. This also leaves no surge factor nor time to perform preventive or corrective maintenance.</p> <p>2. If the contract out option is chosen, then the increase in turn-around-time must be relayed back to the fleet, if engines are awaiting parts. Also, it is doubtful that CFA Engineering will allow "Flight Critical" components to be repaired at a non-certified builder of aircraft components, thereby reducing the number of vendors available to produce the workload.</p> <p>3. A maintenance contract would be required to rebuild and repair the obsolete circuit boards. A five day turn-around time would be required to trouble shoot, analyze, repair and make operational the machine in order to meet engine schedule. A contract of this magnitude would be on-going year after year, and have an estimated cost of \$150,000 per year. The mechanical repairs would require an additional maintenance contract with a source who could build bearings and fabricate the components that are no longer available due to age of the machine. This contract would be estimated to cost \$70,000 per year.</p>																													
<p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.</p>																													

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY 2001 PRESIDENT'S BUDGET																											
B. Department of the Navy/Depot Maintenance/Aviation Depot				C. F404 MFC TEST STAND UPGRADE				D. Jacksonville																										
				6DE0EL0273PR																														
	1999			2000			2001																											
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																									
INVESTMENT COST			0	1	1203	1203			0																									
OPERATIONAL DATE 1-Oct-01																																		
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PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)																																		
<p>1. DESCRIPTION & PURPOSE OF PROJECT. This project's purpose is to upgrade aging Test Stand hardware and software in four F404 Main Fuel Control Test Stands in Bldg. 795. Requiring replacement/upgrade are computers, stepping motors, motor speed drive controls, programmable logic controllers and computer software.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? Original equipment items are either no longer supported by original vendors or by Bendix. Upgrading these items will extend the supportable useful life of these Test Stands and maintain our capability to continue overhauling these Fuel Controls.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? The only source of overhauled F404 Fuel Controls is the manufacturer, Bendix Corp. At an annual cost of \$1,099,170 (assuming 207 units/yr - FY 97) we can allow our capability to erode and eventually buy them from Bendix. It's currently costing NADEP \$508,806 to perform the work ourselves.</p> <p>4. IMPACT IF NOT ACQUIRED. The Test Stands will eventually go down for hardware repair problems and stay there for lack of spare parts. We currently have some critical parts that we can't get spares for, (ie Bendix manufactured circuit boards and stepping motor components) and are in jeopardy. We may lose capability in 3-5 years.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.</p>																																		

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY 2001 PRESIDENT'S BUDGET																						
B. Department of the Navy/Depot Maintenance/Aviation Depot				C. WHIRLTOWER DC MOTOR REPLACEMENT 6DF0EL0088PR			D. Cherry Point																						
	1999			2000			2001																						
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST			0	1	1000	1000			0																				
OPERATIONAL DATE 30-Jun-01 METRICS: <table border="1"> <thead> <tr> <th></th> <th>AVOIDANCE</th> <th>SAVINGS</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td>\$48,069</td> <td>\$0</td> <td>\$48,069</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td>\$27,294</td> <td>\$0</td> <td>\$27,294</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td>NA</td> <td>#DIV/0!</td> <td>NA</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td>3%</td> <td>0%</td> <td>3%</td> </tr> </tbody> </table>											AVOIDANCE	SAVINGS	TOTAL	PROJECTED ANNUAL SAVINGS	\$48,069	\$0	\$48,069	AVERAGE ANNUAL SAVINGS (Discounted)	\$27,294	\$0	\$27,294	PAYBACK PERIOD	NA	#DIV/0!	NA	RATE OF RETURN (ROR)	3%	0%	3%
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RATE OF RETURN (ROR)	3%	0%	3%																										
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<p>1. DESCRIPTION & PURPOSE OF PROJECT. The Whirltower facility at the Naval Aviation Depot, Cherry Point, is a facility which is used to dynamically balance and trim helicopter blades which have been repaired or overhauled. This project is to replace the 1500 HP DC motor in the whirltower with a motor that is rated for 2000 HP continuously and for 3000 HP (150%) overload for 10 minutes.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The motor that operates the whirltower is approximately 30 years old. A major overhaul of the motor was performed in 1993. The performance of the motor has been acceptable, but due to BRAC93 we now test H-53 main rotor blades which cause the motor to experience momentary overloads up to 200 percent of nameplate rating. The overloads are decreasing the life of the equipment. In fact, the equipment has exceeded its life expectancy based on its duty and outdoor environment. The 200 percent over loads cause high operating temperatures in the motor which reduce the insulation life dramatically. The high current densities in the brushes and commutator cause increase wear. The recommended replacement motor will have a higher full load rating which will only require it to be operated at 150% load for short durations. 150% load is a more common operating point for electrical equipment and the risk of a failure will be greatly reduced. The new motor would have a better insulation system and be more suitable in operation with the solid state motor drives which we currently have installed.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? The cost to rebuild the motor will exceed the cost to procure a new motor. The design of the rebuilt motor would not be suitable for our solid state motor drive. The inductance of the armature circuits of the new motor is designed to match the non linear voltages output from the solid state drives. Thus, the new motor has fewer electrical losses and lower temperature rises when operated in conjunction with the solid state drives.</p> <p>Status quo is not considered an acceptable option since the risk of a potential failure is too great.</p> <p>4. IMPACT IF NOT ACQUIRED. Failure to replace this motor in a timely fashion increases the risk of a motor failure during testing which would result in excess of one million dollars damage to facilities and rotorblades along with an unacceptably high risk of personal injury and possibly loss of lives.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.</p>																													

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY 2001 PRESIDENT'S BUDGET																											
B. Department of the Navy/Depot Maintenance/Aviation Depot				C. JIG GRINDERS (2)				6DE1EL0279PR		D. Jacksonville																								
	1999			2000			2001																											
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																									
INVESTMENT COST			0	0	0	0	1	1800	1800																									
OPERATIONAL DATE 1-Apr-02																																		
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PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)																																		
<p>1. DESCRIPTION & PURPOSE OF PROJECT. Replace two (2) conventional Jig Grinders built in 1981, with new CNC Jig Grinders. The CNC type grinder will provide added capability such as grinding a square hole or grinding a sphere. These complex shapes are found on various Landing Gear components. These machine tools are the most precise equipment utilized within this command.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The existing Grinders are experiencing electronic failures. The problem is replacement parts are not stocked due to the age of the machines, also adding to the problem is the grinders were made overseas (Switzerland). The mechanical portion of each Grinder is showing moderate wear and corrosion damage and cannot be expected to hold the tolerance it was capable of holding when new. New Jig Grinders will be factory supported with parts for approximately 10 years and be capable of holding extremely close tolerance.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? Utilize the Grinders until they become inoperable, at which time the NADEP will have a work stoppage and have to disestablish capability. When the requirement for grinding landing gear spheres or square holes arises, the NADEP will have to request an alternate source for this particular operation.</p> <p>4. IMPACT IF NOT ACQUIRED. Extensive turn around time and or loss of Jig grinding capability.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.</p>																																		

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY 2001 PRESIDENT'S BUDGET																						
B. Department of the Navy/Depot Maintenance/Aviation Depot				C. PLASTIC MEDIA BLAST REPLACEMENT				D. Cherry Point																					
				6DF1EL0042PR																									
				1999			2000																						
				2001																									
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST			0			0	1	1500	1500																				
OPERATIONAL DATE 1-Jun-02 METRICS: <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:25%;"></td> <td style="width:15%; text-align: right;"><u>AVOIDANCE</u></td> <td style="width:15%; text-align: right;"><u>SAVINGS</u></td> <td style="width:15%; text-align: right;"><u>TOTAL</u></td> </tr> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td style="text-align: right;">\$261,653</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$261,653</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td style="text-align: right;">\$148,569</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$148,569</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td style="text-align: right;">8.9</td> <td style="text-align: right;">#DIV/0!</td> <td style="text-align: right;">8.9</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td style="text-align: right;">10%</td> <td style="text-align: right;">0%</td> <td style="text-align: right;">10%</td> </tr> </table>											<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>	PROJECTED ANNUAL SAVINGS	\$261,653	\$0	\$261,653	AVERAGE ANNUAL SAVINGS (Discounted)	\$148,569	\$0	\$148,569	PAYBACK PERIOD	8.9	#DIV/0!	8.9	RATE OF RETURN (ROR)	10%	0%	10%
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RATE OF RETURN (ROR)	10%	0%	10%																										
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.) 1. DESCRIPTION & PURPOSE OF PROJECT. This project proposes to replace one Plastic Media Blasting System used for paint removal on assigned airframes and associated parts. The replacement system will provide more efficient removal of paint on affected areas on aircraft exteriors and interiors. A floor reclamation system will be provided as part of a proposed MILCON (P-979) that will replace the existing Plastic Media Blast (PMB) facility in which the existing equipment is housed. The floor reclamation/recovery system will reduce costs associated with reclamation and disposal of plastic media, allowing for automatic recycling of the media versus existing method of sweeping media into the reclamation system. 2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/ PROBLEM? The existing PMB system EIN 036068 has been in operation since 1990. A proposed MILCON project requires moving PMB depaint operations into a new facility. The new MILCON facility will be equipped with a floor recovery/reclamation system that will require the blast system to be equipped with appropriate media reclaimers and dust collector units; the design of which will depend on the new facility design. Therefore, a new PMB system with: blast unit subsystem, floor recovery equipment, media cleaner, reclamation subsystem, dust collector, and control unit subsystem; designed for the new facility, will be required. 3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? The following alternatives have been considered; The following alternatives have been considered: <ol style="list-style-type: none"> 1. Continue to use existing PMB system in its current facility and perform glass bead blasting operations in the new facility. 2. Replace existing plastic media blast system with a new system designed for the new MILCON facility. Alternative #1 was not chosen because the vast majority (75%) of depaint/corrosion control blasting performed is PMB as opposed to glass bead blasting. It is more cost effective to perform the higher volume operation in the new facility. Alternative #2 was chosen as explained for the reasons provided in paragraph #1 and #2 above. 4. IMPACT IF NOT ACQUIRED. Will be unable to utilize proposed MILCON Facility. 5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable																													

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B. Department of the Navy/Depot Maintenance/Aviation Depot				C. CNC VERTICAL LATHES (3)				D. Jacksonville																																																			
				6DE1EL0280PR																																																							
1999				2000			2001																																																				
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																																																		
INVESTMENT COST			0			0	3	333	1000																																																		
OPERATIONAL DATE 1-Apr-02																																																											
<table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:25%;">METRICS:</td> <td style="width:15%; text-align: center;"><u>AVOIDANCE</u></td> <td style="width:15%; text-align: center;"><u>SAVINGS</u></td> <td style="width:15%; text-align: center;"><u>TOTAL</u></td> <td colspan="6"></td> </tr> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$84,579</td> <td style="text-align: right;">\$84,579</td> <td colspan="6"></td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$48,025</td> <td style="text-align: right;">\$48,025</td> <td colspan="6"></td> </tr> <tr> <td>PAYBACK PERIOD</td> <td style="text-align: right;">#DIV/0!</td> <td style="text-align: right;">NA</td> <td style="text-align: right;">NA</td> <td colspan="6"></td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td style="text-align: right;">0%</td> <td style="text-align: right;">5%</td> <td style="text-align: right;">5%</td> <td colspan="6"></td> </tr> </table>										METRICS:	<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>							PROJECTED ANNUAL SAVINGS	\$0	\$84,579	\$84,579							AVERAGE ANNUAL SAVINGS (Discounted)	\$0	\$48,025	\$48,025							PAYBACK PERIOD	#DIV/0!	NA	NA							RATE OF RETURN (ROR)	0%	5%	5%						
METRICS:	<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>																																																								
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RATE OF RETURN (ROR)	0%	5%	5%																																																								
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)																																																											
<p>1. DESCRIPTION & PURPOSE OF PROJECT. Replace three Engine Lathes and one Vertical Turret Lathe which are worn beyond repair, with three new CNC lathes. The lathes to be replaced are as follows : PA# 002207, manufactured in 1970, PA# 033562, manufactured in 1972, PA# 004358, manufactured in 1980, PA# 224693, manufactured in 1985.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? All four lathes are worn beyond repair. These lathes are used to turn hard face plasma coatings that are applied to engine components. These coatings are very abrasive, and during the course of operation, the abrasive particles cut into (wear) the way surfaces of all four lathes. This wear on the precision way surfaces creates excess tolerance on the tool cutting portion of the lathe. Holding the critical part dimensions will become increasingly difficult, if not impossible to obtain.</p> <p>New CNC Lathes will be capable of holding critical dimensions on the engine components. Three new CNC Lathes shall be capable of doing the work of four older lathes. Also, the new CNC Lathes will be vertical positioned, thereby allowing easier part set-up and fixture change.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? Utilize the existing Lathes until they become inoperable, at which time the NADEP will have to disestablish capability causing a work stoppage and will have to request an alternate source for this particular Engine component rework.</p> <p>4. IMPACT IF NOT ACQUIRED. Extensive turn around time and missed Engine Program schedule.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.</p>																																																											

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)									A. FY 2001 PRESIDENT'S BUDGET																					
B. Department of the Navy/Depot Maintenance/Aviation Depot						C. 101S PMB Paint Stripping System			Jacksonville																					
						6DE1EL0246PE																								
	1999			2000			2001																							
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																					
INVESTMENT COST			0			0	1	2,505	2,505																					
OPERATIONAL DATE 2-Oct-01 METRICS: <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;"><u>AVOIDANCE</u></th> <th style="text-align: right;"><u>SAVINGS</u></th> <th style="text-align: right;"><u>TOTAL</u></th> </tr> </thead> <tbody> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$218,757</td> <td style="text-align: right;">\$218,757</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$124,212</td> <td style="text-align: right;">\$124,212</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td style="text-align: right;">#DIV/0!</td> <td style="text-align: right;">NA</td> <td style="text-align: right;">NA</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td style="text-align: right;">0%</td> <td style="text-align: right;">5%</td> <td style="text-align: right;">5%</td> </tr> </tbody> </table>												<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>	PROJECTED ANNUAL SAVINGS	\$0	\$218,757	\$218,757	AVERAGE ANNUAL SAVINGS (Discounted)	\$0	\$124,212	\$124,212	PAYBACK PERIOD	#DIV/0!	NA	NA	RATE OF RETURN (ROR)	0%	5%	5%
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PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.) 1. DESCRIPTION & PURPOSE OF PROJECT. Relocate to Hangar 101S the existing temporary Plastic Media Blasting (PMB) operations in Hangar 122 by replacing the Vinyl covered moveable enclosure booth and portable AeroLyte blasters with a new state-of-the-art permanent metal PMB Booth , capable of housing all small aircraft (F/A-18, F-14, EA-6, S-3, H-60), except P-3 Aircraft. (P-3 Aircraft are expected to be chemically stripped in Hangar 101S without the need for additional Plastic Media Blasting.) 2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? Environmental requirements have prohibited the further use of Methylene Chloride (a Hazardous Air Pollutant or "HAP" chemical paint stripper). The replacement NON-HAP chemical strippers are not as effective in removing paint. Plastic Media Blasting has to be employed to remove the paint that the NON-HAPS chemicals can't remove. Both chemical paint stripping and PMB blasting were being performed in Hangar 101S. This Hangar is not equipped with the required ventilation and filtration equipment mandated by NESHAP and OSHA to reduce personnel exposures to Cadmium and other hazardous metal dusts generated during blast operations. The only area equipped with a NESHAP/OSHA compliant filtered ventilation system and capable of supporting the PMB operations was Hangar 122. Hangar 122 was being used primarily for painting and priming of aircraft. In order to keep most of the PMB dusts from contaminating the painting/priming operations, and to comply with NESHAP/OSHA regulations, temporary portable Enclosure was procured and installed as a "stop gap" measure. With four aging portable blasters, this temporary set-up is the ONLY operational system that allows NADEPJAX to fulfill its mission and obligations to the Fleet. The purchase and installation in Hangar 101 of this state-of-the-art, stand alone permanent new metal PMB System will ensure compliance with OSHA/NESHAP Regulations for Environment and personnel protection and will maximize the chances for NADEPJAX to meet its Production obligations the Fleet. 3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? A FlashJet Coatings Removal System was considered , along with a Fluidized Bed, Sodium Bicarbonate Blasting and Vibratory System . Investigations found that each system was unsatisfactory for reasons of cost, limited application, reliability, corrosion, temperature constraints and lengthy stripping time. Due to the size of the items being stripped, the use of smaller walk-in booths and glove boxes is impractical, since it will require massive dismantling of the Aircraft. Risk avoidance by way of contracting out the stripping functions is not viewed as a realistic solution . A Contractor's ability to process parts, components or whole Aircrafts could ultimately determine the NADEP's ability to meet Fleet Aircraft schedules and Programs , specially in times of crisis (Middle East and Balkans Regions). The procurement and installation of this new permanent system with improved ventilation, air filtration and reliability (along with the available HAPS chemical strippers) is considered the best combination to comply with existing regulations and to ensure adequate support for present and projected workloads. 4. IMPACT IF NOT ACQUIRED. If the temporary PMB System in Hangar 122 is unable to meet production needs and/or maintain compliance with NESHAP/OSHA requirements, the COMPLETE paint stripping, painting and priming operations could be subject to a shutdown. 5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT As previously indicated, this project is a combination of Production, Replacement and Environmental/Safety needs. For Cadmium, compliance is mandated under 29 CFR 1910.1027 (g) and (f)(1)(iv), which has been law since 1992. Environmental compliance is mandated under the National Emissions Standards for Hazardous Air Pollutants -Aerospace (NESHAP).																														

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY 2001 PRESIDENT'S BUDGET																											
B. Department of the Navy/Depot Maintenance/Aviation Depot				C. FLASHJET ROBOTIC DEPAINTING SYSTEM				D. Cherry Point																										
				6DF1EL0041PE																														
1999				2000			2001																											
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																									
INVESTMENT COST			0				1	1425	1425																									
OPERATIONAL DATE 1-Mar-02 <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">METRICS:</td> <td style="width: 15%; text-align: center;"><u>AVOIDANCE</u></td> <td style="width: 15%; text-align: center;"><u>SAVINGS</u></td> <td style="width: 15%; text-align: center;"><u>TOTAL</u></td> <td style="width: 30%;"></td> </tr> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$456,102</td> <td style="text-align: right;">\$456,102</td> <td></td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$258,978</td> <td style="text-align: right;">\$258,978</td> <td></td> </tr> <tr> <td>PAYBACK PERIOD</td> <td style="text-align: right;">#DIV/0!</td> <td style="text-align: right;">3.9</td> <td style="text-align: right;">3.9</td> <td></td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td style="text-align: right;">0%</td> <td style="text-align: right;">18%</td> <td style="text-align: right;">18%</td> <td></td> </tr> </table>										METRICS:	<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>		PROJECTED ANNUAL SAVINGS	\$0	\$456,102	\$456,102		AVERAGE ANNUAL SAVINGS (Discounted)	\$0	\$258,978	\$258,978		PAYBACK PERIOD	#DIV/0!	3.9	3.9		RATE OF RETURN (ROR)	0%	18%	18%	
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PAYBACK PERIOD	#DIV/0!	3.9	3.9																															
RATE OF RETURN (ROR)	0%	18%	18%																															
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.) <div style="border: 1px solid black; padding: 5px;"> <p>1. DESCRIPTION & PURPOSE OF PROJECT. This project will provide equipment which will replace the current time consuming hand-sanding process used to remove paint from helicopter blades. The FlashJet process uses robotically controlled high-intensity flash heat lamps in conjunction with dry ice pellets to shatter and then remove paint from component surfaces.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The current problem is the excessive amount of labor consumed in hand-sanding helicopter blades. The fiberglass surfaces of the blades cannot be stripped with the other conventional depainting techniques - chemical, plastic media blasting, or glass bead blasting. Those methods would cause damage to the substrate. Hand sanding itself can cause substrate damage depending on the skill of the artisan, but is the only approved method. Additionally, hand sanding generates dust which must be managed and cleaned. The FlashJet technique does not leave any residue in the area or dust in the air. This makes it a very clean process from a safety standpoint.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? ALTERNATIVE #1 - Status Quo - Continue to use hand-sanding techniques ALTERNATIVE #2 - Acquire FlashJet - Alternative #1 is not a viable option. It will not increase productivity but will continue to create excessive hazardous waste which must be managed and handled. Other depainting methods are not approved for use on helicopter blades. Alternative #2 is selected.</p> <p>4. IMPACT IF NOT ACQUIRED. The workload will continue to consume excess labor, generate hazardous effluent, and subject the helicopter blades to damage from over-sanding.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. EPA Title 40, Code of Federal Regulations, Part 63, Subpart GG - National Emission Standards for Aerospace Manufacturing and Repair Facilities, 15 September 1995</p> </div>																																		

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B. Department of the Navy/Depot Maintenance/Aviation Depot				C. EQUIPMENT, OTHER THAN ADPE & TELECOM (<1M)				D. NADEP																																																																																																																																																																											
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Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																																																																																																																																																																										
TOTAL INVESTMENT COST	23	VAR	8,564	23	VAR	7,877	26	VAR	10,178																																																																																																																																																																										
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CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY 2001 PRESIDENT'S BUDGET			
B. Department of the Navy/Depot Maintenance/Aviation Depot							C. MINOR CONSTRUCTION			D. NADEP
							DNMC0000			
		1999			2000			2001		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	
TOTAL INVESTMENT COST	18	VAR	4,911	17	VAR	4,929	16	VAR	4,848	
ITEM	ITEM									
LINE #	DESCRIPTION		FY 1999		FY 2000		FY 2001			
6DF9MCCR07-970E	Alter/Reps to Chiller System for Environmental Compliance B133	1	278							
6DF9MCC101-940C	Construct Materials Eng Lab Addition, B4032	2	462							
6DF9MCC01-990C	Construct Storage Warehouse	3	390							
6DF9MCC14-960C	Construct F-4 Support Addition to B188	4	360							
6DF9MCC26-960S	Construct Hygiene Area, B4225	5	317							
6DF9MCC01-970C	Construct Addition to B4225	6	307							
6DF9MCC58-950C	Alt Test Cell Dynamometer Cooling Water Sys, B133	7	200							
6DF9MCRC11-960C	Reps/Alts for Log/Engrng Admin Facility, B200	8	217							
6DF9MCC30-960C	Construct Enclosed Storage Area, S94203, B137	9	113							
6DF7MCC35-960C	Construct CASS Addition, B129	10	41							
6DF7MCC104-940C	Construct Addition to B4035	11	3							
6DF1MCC106-940C	Construct Addition to B4034			1	500					
6DF0MCC41-970C	Construct Material Storage Addition B137			2	500					
6DF0MCC25-970S	Construct Distillery Facility			3	400					
6DF0MCC26-970C	Construct Heat Treat Addition B 4225			4	320					
6DF0MCCR20-930C	Alts/Reps to Telephone Cabling/Duct Systems			5	350					
6DF0MCC00000C	PY Change Orders			6	241	1	161			
6DF0MCC09-990C	Construct Hydraulic Shop B133			7	200					
6DF0MCC06-980C	Construct Support Area for Reclamation Operation			8	180					
6DF0MCC36-960C	Construct Shelters, S93448, B4224			9	160					
6DF1MCC27-970C	Construct Reclamation Facility					2	500			
6DF1MCC45-970C	Construct Parts Repair Shop Addition B133					3	415			
6DF1MCC55-940C	Construct Maintenance Shop Addition B137					4	400			
6DF1MCC40-970C	Construct Utility Trenches Hangar B188					5	400			
6DF1MCRC29-970C	Repairs/Alterations to NADEP Parking Lots					6	300			
6DF1MCC00000C	Planning and Design Costs					7	350			
6DF1MCRC19-960C	Repairs/Alterations to Communications System to NADEP Bldgs					8	230			
6DF1MCC74-950C	Air Condition Prep Area B4188					9	210			
6DF1MCCR36-970S	Alterations/Repairs to Lighting NADEP Parking Lots					10	150			
6DF1MCC40-950C	Construct Joiner Shelter B84					11	150			
6DE9MC0268PC	Hgr 101 Mezzanine	1	333							
6DE9MCCR2-98C	Repair/Alter Parking Lot, Ranger St	2	5							
6DE0MCC1-98C	Rehab Electrical Components Shop			1	473					
6DE0MC0232PC	Office Mezzanine			2	150					
6DE1MCR3-98E	Blast Booth Bldg					1	227			
6DE1MC0233AC	Repair/Alter Fiberglass Shop					2	125			
DC9MC0371S	Construct Heating / Ventilation System B6	1	480							
DC9MC0434S	Air Condition Engineering Offices B-378	2	470							
DC9MC0425C	Construct A/C Parts Storage in B-94 Mezzine	3	337							
DC9MC0369C	Upgrade Avionics Shops B463	4	450							
DC9MC000000	Prior Year Projects	5	148							
DC0MC0441C	Hydraulic Test Clean Room B-379			1	400					
DC0MC04290C	Construct Addition To B460			2	290					
DC0MC0440C	Class 300,000 Clean Room Facility B-379			3	280					
DC0MC04190C	Add Heat/Vent B65			4	250					
DC0MC0402C	Construct IVD Environmental Room B472			5	135					
DC0MC04210C	Convert B384 to VRT Storage			6	100					
DC1MC04420C	Air Condition BLDG 317 Engineering Areas					1	450			
DC1MC0443C	Construct Multi-Purpose Addition B-460					2	450			
DC1MC370C	Upgrade Administrative Spaces B5					3	330			
TOTAL NADEP MINOR CONSTRUCTION		18	4,911	17	4,929	16	4,848			

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY 2001 PRESIDENT'S BUDGET		
B. Department of the Navy/Depot Maintenance/Aviation Depot				C. ADPE & TELECOMMUNICATIONS (<1M)					D. NADEP
				DNKU0000					
				1999		2000		2001	
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
TOTAL INVESTMENT COST	10	VAR	3,245	7	VAR	1,750	3	VAR	1,225
ITEM LINE #	ITEM DESCRIPTION		FY 1999		FY 2000		FY 2001		
6DF0KM0050GR	Office Automation Refresh				1	500			
6DF0KM0072GR	Electronic Forms Management						1	750	
7DE9KM0310GP	E & E Auto Collection Sys		1	800					
DKS0000	Equip - ADPE & TELECOM (<\$.5M)		9	2,445	6	1,250	2	475	
TOTAL NADEP ADPE & TELECOMMUNICATIONS (<1M)			10	3,245	7	1,750	3	1,225	

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)								A. FY 2001 PRESIDENT'S BUDGET		
B. Department of the Navy/Depot Maintenance/Aviation Depot					C. DEPOT MAINTENANCE SYSTEM - NDMS				D. NADEP	
					DNDL0JT1GP					
		1999			2000			2001		
Element of Cost		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
CHERRY POINT					1	VAR	3,514	1	VAR	2,625
JACKSONVILLE					1	VAR	3,854	1	VAR	2,953
NORTH ISLAND					1	VAR	3,967	1	VAR	5,428
TOTAL INVESTMENT COST					3	VAR	11,335	3	VAR	11,006
OPERATIONAL DATE: 30-Sep-01										
		<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>						
METRICS:										
AVERAGE ANNUAL SAVINGS (FY10 Dollars)		\$0	\$32,110	\$321,102						
AVERAGE ANNUAL SAVINGS (FY99 Dollars)		\$0	\$24,521	\$245,210						
PAYBACK PERIOD		FY04-10								
RETURN ON INVESTMENT (ROI)		2.491:1								
PROJECT INFORMATION NARRATIVE:										
<p>1. DESCRIPTION & PURPOSE OF PROJECT.</p> <p>These funds are to support the fielding of the NAVAIR Depot Maintenance System (NDMS) suite of migration applications that were developed by the Joint Logistics Systems Center to NADEP maintenance depots. NAVAIR DMS includes the Depot Maintenance system project and associated migration systems. These migration systems include a selected Product Management Solution, Manufacturing Resource Planning II, a Facilities Equipment Maintenance Application, and a tool Inventory Management Application. The DM System Project consists of the interfaces that link the migration systems, stated above. The DM System Project ADM was last submitted in Jan 98, a revised DM System Project ADM is being staffed at ASN (RD&A).The DM Systems Economic Analysis of April 97 projected that the return on investment based on FY 93 dollars is 4.1 to 1. The same analysis projects a return on investment of 2.49: to 1 based on a 24 month delay to DM System interface development and deployment.</p> <p>Originally, this project was part of the Joint Logistics Systems Center Depot Maintenance System, which was transferred to the Services. The JLSC system, and funding, was to implement the DM System at one NAVAIR site to Initial Operational Capability. The NAVAIR strategy contained within this funding exhibit is to bring the three sites to Full Operational Capability at an accelerated schedule. FY 01 requirements contained herein are for systems integration and interface requirements. Refer to the next page for additional funding justification.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?</p> <p>The NAVAIR depot maintenance community is driven to improve business performance in the depots while reducing depot unit repair costs, increase depot response times to increase weapon and system availability, and standardize data and information systems to reduce the cost to improve information accuracy. The NAVAIR NDMS is using an evolutionary program strategy to deliver the enterprise functionality to support improved business processes required for effective depot maintenance operations across the Department of Defense. This functionality will be provided through the development of a suite of applications with critical interfaces to legacy and other major systems. These applications address major end item management, commodities repair, and specialized support (tool management, hazardous material management, enterprise information management, and interservice workload tracking). The objective is to provide to the user a suite of service specific migration applications with basic interfaces to the legacy environment.</p> <p>NAVAIR DMS will provide the Command a revolutionary step forward in functional capability and automation, including a systems infrastructure upon which to make significant strides in business process improvement. Benefits will be realized in two primary areas: business performance and information systems costs. Business performance will be enhanced through the process improvements delivered by DMS applications to support the Depot Maintenance Improved Functional Baseline (IFB). These improvements include:reducing cycle times to make more assets available to support the war fighter, providing accurate delivery schedules to support mission planning, reducing expenses and inventory to lower the cost to the war fighter, improving readiness, sustainment, and interoperability for the war fighter, reducing labor through better resource and work planning, reducing overhead through elimination of non value-added activity, and improving schedule performance through more complete asset visibility; once implementation is complete and legacy applications are reduced or eliminated, ADP costs will come down markedly.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?</p> <p>Maintain Status Quo- NAVAIR has not significantly invested in legacy system technology in six years. If selected, the NAVAIR budget for legacy system enhancement would need to be significantly increased without the benefit of improved business processes and standardized information systems.</p> <p>4. IMPACT IF NOT ACQUIRED.</p> <p>Without this investment, needed improvements to the depot business process and infrastructure will not be achieved. Implementation of repair and overhaul capabilities is critical toward improving mission readiness. As the DoD weapon systems continue to age, reductions to the workforce continue and the number of depots are reduced, efficient and effective organic repair capability is of increasingly growing importance to DoD in maintaining weapon systems combat readiness. In order to meet this demand, the depot community needs to dramatically strengthen its business processes and the associated information systems.</p> <p>5. IDENTIFY LOCAL STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not applicable.</p>										

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)		A. FY 2001 PRESIDENT'S BUDGET
B. Department of the Navy/Depot Maintenance/Aviation Depot	C. NAVAIR DEPOT MAINTENANCE SYSTEM (NDMS)	D. NADEP

PROJECT INFORMATION NARRATIVE:

Justification of FY00 Funding Requirements

Program Management Responsibility Transfer (PMRT) of the Depot Maintenance System occurred from the Joint Logistics System Center (JLSC) to NAVAIR on 1 October 1998.

NAVAIR accepted many of the JLSC Program estimates and assumptions at PMRT to include:

- The functionality of a Commercial Off the Shelf (COTS) solution would fully satisfy the needs of the NADEPs
- Use of Baseline Advance Information Management System (BAIM) for product management on major end items
- Budget and Funding requirements
- Program Schedule
- Program requirements and performance estimates.

1. JLSC Assumption:

The JLSC believed that the MRP II COTS solution would be able to be deployed into a government aviation depot community with little to no modification. This assumption has been proven to be incorrect and numerous development projects are needed to fit the application into the Maintenance, Repair and Overhaul (MRO) environment that exists at the depots.

1) Numerous workbench development projects were begun and are currently ongoing to meet the required functionality needs of the depots. Such projects include:

The MRO workbench allows the MRP II application to operate in the depot environment as opposed to a purely manufacturing environment. The initial MRO workbench that was provided with the COTS product needed extensive redesign to address replacement factors in a re-manufacturing environment.

- The Master Production Scheduling workbench provided by with the COTS application proved to be dysfunctional and must be replaced by an Advanced Planning and Scheduling (APS) application.
- The Integrated Support System (ISS) workbench addresses the functionality of interchangeability and substitutability of parts. This required functionality is not addressed in the COTS product.
- The Depot Maintenance Data System workbench enhances the ability of the COTS product to report maintenance defects.
- The Router workbench facilitates the development of the Bills of Material (BOM) and Routers. BOMs and routes are required to operate the MRP II application.

2) The need for interfaces between legacy and other migration systems has proven to be a greater task than previously documented. Currently, thirty-one interfaces exist between the MRP II application and the other applications in the Depot Maintenance System.

2. JLSC Assumption:

JLSC instructed all of the Services that BAIM was the approved system for all product management functionality needs. The BAIM application proved insufficient to satisfy the requirements of the NADEP community after numerous failed attempts to fit the application into the NADEP business environment.

After conducting a business process and alternative application review, NAVAIR selected a product management application and is currently defining interface requirements, testing in a Conference Room Pilot (CRP) and addressing the capabilities and detailed functionality needs of the NADEPs.

3. Numerous applications that were approved by the JLSC have since been proven insufficient to the NAVAIR NADEP community. These systems include:

- Facilities and Equipment Maintenance (FEM) has been discarded for an alternative Plant and Equipment Maintenance Application (PEMA)
- Hazardous Substance Management System (HSMS) has been discarded for an alternative Hazardous Material Management System (HMMS)

NAVAIR attempted to utilize these systems but the recommended applications could not fit the required functionality and needs of the NADEPs.

Justification of FY01 Funding Requirements

NAVAIR planned for the development and implementation of the NAVAIR Depot Maintenance System (NDMS) at NADEP JAX (the NAVAIR Initial Operating Site) and then migration of the system to the remaining NADEPs. The implementation plan was broken into Phase I and Phase II. Phase I required the development of point-to-point interfaces due to cost and schedule risks. Phase II of the DM System Program plans for migrating from the point-to-point interfaces and to a data warehouse architecture that all three NADEPs could share. The analysis of Phase II has begun at NADEP NORIS in preparation for integrating MRP II implementation and ERP Prototype activities. NADEPs JAX and CHPT will implement Phase II of the DM System in FY01.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY 2001 PRESIDENT'S BUDGET		
B. Department of the Navy/Depot Maintenance/Aviation Depot							C. ENTERPRISE RESOURCE PLANNING (ERP)				D. NADEP	
							7N0DL0001GR					
				1999			2000			2001		
Element of Cost				Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
NADEP Cherry Point							1	3,000	3,000	1	4,333	4,333
NADEP Jacksonville							1	3,000	3,000	1	4,333	4,333
NADEP North Island							1	3,000	3,000	1	4,334	4,334
NADEP							3	9,000	9,000	3	13,000	13,000

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT: As the Navy embarks on the Revolution in Business Affairs initiatives, Enterprise Resource Planning (ERP) is the strategic initiative chosen by the Department of Navy's Working Group (WG) on Commercial Business Practices (CBP). As a result of the decisions of the CBP WG the Naval Aviation Systems TEAM (TEAM) will reengineer and standardize processes, integrate operations and data to increase productivity, and optimize supply chain management. The Naval Air Systems TEAM (TEAM) intends to manage ERP as a corporate project with constituent parts. Proposed allocation are based on an evolving program plan. Multiple ERP pilots are planned throughout the Navy with functionality determined by the scope of each pilot. Per the CBA WG each ERP pilot will be funded by that WG member's organization. This submission is for a multi-year, Externally Developed Software (EDS) project which will integrate business processes and tools in the areas of finance, purchasing, and material management. Savings and cost avoidances from ERP will begin after implementation.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVES THE DEFICIENCY/PROBLEM: Throughout the TEAM there are numerous, independent, stand-alone information systems supporting multiple, inconsistent processes. Data is not timely and is difficult to consolidate. Many systems track similar data without a common data format. No single system does it all (planning, budgeting, executing). System interfaces are inconsistent, non-standard, and rely upon manual intervention. At the core of an ERP system is a central database that draws data from and feeds data into a series of applications supporting diverse functions. It will automate manual processes, drastically reduce data reconciliation, and improve the quality of information available to decision makers. ERP will assist in providing end-to-end capability, in enabling consistent and reliable information on cost and performance, and in integrating business processes to optimize results across the TEAM.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED: The CBP WG under the auspices of Department of Navy's (DON's) Revolution in Business Affairs was tasked to focus on Commercial Financial Practices and best of breed business solutions. The CBP WG received in-depth briefings from industry, fleet representatives, defense agencies, and other government agencies. NASA's Deputy CFO and DOE's Deputy Comptroller also briefed the WG on how they were able to attain clean financial statements. Of all the alternatives briefed and considering all the data provided, the members were unanimous in concluding that the best solution to business practices would be realized through ERP solution.

4. IMPACT IF NOT ACQUIRED: The TEAM would have to continue business as usual and could not achieve gains in productivity through reengineered processes and integrated information to managers without ERP. The TEAM would be unable to manage costs for maximum reallocation of savings for the recapitalization and modernization of Naval aviation. If ERP is funded the, the ERP will assist other systems in becoming compliant with statutory requirements, the Government Management Reform Act (GMRA), the Government Performance and Results Act (GPRA), and the Chief Financial Office (CFO) Act. Through ERP the TEAM can maintain fewer systems, through increased productivity and cost avoidance.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.

DEPARTMENT OF THE NAVY - NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - AVIATION DEPOTS
CAPITAL BUDGET EXECUTION
(DOLLARS IN MILLIONS)
FY 2000

ITEM LINE #	ITEM DESCRIPTION	Original Request	Change	Revised Request	Classification of Change	Explanation/Reason for Change
	1a. EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M) Replacement					
6 DF	0 EL 0009 P R AIR TURBINE STARTER TEST STAND UPGRADE	1.500		1.500	Moved	Project moved to FY 99 due to the deteriorated condition of existing equipment. (1.500 to 7DE0DL0JT1)
6 DE	0 EL 0276 P R VERTICAL GRINDERS (2)	1.500	(1.500)	0.000		
6 DC	0 EL 0405 P R DEPOT ATE TPS OFFLOAD TO CASS	1.500		1.500		
6 DE	0 EL 0259 P R VERTICAL TURNING CENTER	1.360		1.360		
6 DE	0 EL 0273 P R F404 MFC TEST STAND UPGRADE	1.203		1.203		
6 DF	0 EL 0088 P R WHIRLTOWER DC MOTOR REPLACEMENT	1.000		1.000	Deferral	Deferred to outyears due to comprehensive Process Improvement Study performed in Bldg 133. It was determined that this effort would be implemented as the last phase of a Material Handling Plan. (.290 to DF0DL0JT1, .250 to 6DF0ES0103, .225 to 6DF0ES0105, .200 to 6DF0ES0104, .135 to 6DF0ES0098)
DF	0 EL 0090 P P MATERIAL HANDLING SYSTEM, B133	1.100	(1.100)	0.000		
	SUBTOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)	9.163	(2.600)	6.563		
DN	EU 0000 1b. EQUIPMENT, OTHER THAN ADPE & TELECOM (<\$1M)	9.307	(1.430)	7.877		
	2. TOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM	18.470	(4.030)	14.440		
DN	MC 0000 3. MINOR CONSTRUCTION	5.269	(0.340)	4.929		
	TOTAL NON-ADP CAPITAL PURCHASES PROGRAM	23.739	(4.370)	19.369		

FY 2001 PRESIDENT'S BUDGET
DEPARTMENT OF THE NAVY - NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - AVIATION DEPOTS
CAPITAL BUDGET EXECUTION
(DOLLARS IN MILLIONS)
FY 2000

ITEM LINE #	ITEM DESCRIPTION	Original Request	Change	Revised Request	Classification of Change	Explanation/Reason for Change
6 DF 0 KL 0063 G R	1a. ADPE & TELECOMMUNICATIONS (>\$1M) Computer Hardware (Production) DESKTOP ATM	1.000	(1.000)	.000	Deferral	Deferred due to management priority decisions and decrease in cost estimate to accommodate DMS Reprogramming (.500 to DF0DL0JT1)
	SUBTOTAL ADPE & TELECOMMUNICATIONS (>\$1M)	1.000	0.000	0.000		
DN KU 0000	1b. ADPE & TELECOMMUNICATIONS (<\$1M)	4.825	(3.075)	1.750		
	2. TOTAL ADPE & TELECOMMUNICATIONS	5.825	(4.075)	1.750		
7 DN 0 DL 0JT1 G P	DEPOT MAINTENANCE SYSTEM (DMS) - NDMS		11.335	11.335	New	These funds are required to complete the fielding of the Depot Maintenance System (DMS) suite of migration applications that were developed by the Joint Logistics Systems Center for NADEPs.
7 DN 0 DL 0001 G R	Enterprise Resource Planning		9.000	9.000	New	The Department of the Navy's Working Group on Commerical Business Practices has chosen ERP as the Navy's strategic initiative to reengineer and standardize processes; integrate operations and data to increase productivity; and to optimize supply chain management.
	3a. SUBTOTAL SOFTWARE DEVELOPMENT (>\$1M)	0.000	20.335	20.335		
DN DU 0000	3b. SUBTOTAL SOFTWARE DEVELOPMENT (<\$1M)	0.000	0.000	0.000		
	3. TOTAL SOFTWARE DEVELOPMENT	0.000	20.335	20.335		
	TOTAL ADP CAPITAL PURCHASES PROGRAM	5.825	16.260	22.085		
	GRAND TOTAL CAPITAL PURCHASES PROGRAM	29.564	11.890	41.454		

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
ACTIVITY GROUP: DEPOT MAINTENANCE
SUB-ACTIVITY GROUP: MARINE CORPS DEPOTS
FY 2001 PRESIDENT'S BUDGET**

Activity Group Functions:

The mission of the Marine Corps Depot Maintenance Activity Group (DMAG) is to provide the quality products and responsive maintenance support services required to support the Fleet Marine Force while maintaining a core industrial base in support of mobilization and surge requirements. The maintenance functions performed by the DMAG include repair, rebuild, modification, and Inspect and Repair Only as Necessary (IROAN) for all types of ground combat and combat support equipment. DMAG maintenance services are used by the Marine Corps and various Department of Defense (DoD) activities. Other functions performed include performance of maintenance related services such as preservation, testing, technical evaluation, calibration, and fabrication of automated test equipment.

Activity Group Composition:

The DMAG is comprised of two Maintenance Centers, one located at Albany, Georgia, and the other at Barstow, California. The Maintenance Centers are components of the Marine Corps Materiel Command (MATCOM). The Marine Corps Maintenance Centers maintain virtually identical capabilities in order to provide support for Marine Corps operational units regardless of unit location.

Significant Changes in Activity Group:

The MATCOM is in the process of developing new processes and techniques to ensure that all life cycle management requirements are balanced at the front end of the process. The budget estimates presented here are the product of an improved workload determination process integrated between the Maintenance Centers and their major customers. Employing a concept of evolution rather than revolution, additional improvements will be made to the Maintenance Centers budget formulation and execution systems as the benefits to be derived from corporate Life Cycle Management Better Business Practices (BBP) mature and progress.

Life cycle management BBPs which will improve the Maintenance Center's operational and financial efficiency include Earned Value Management (EVM); Activity Based Costing (ABC); International Organization of Standards (ISO) 9000; the Amphibious Assault Vehicle (AAV) Reliability, Availability, Maintainability/Rebuild to Standards (RAMRS); and the Materiel Control Center (MCC). A brief overview of each is provided below:

- a. EVM is a project management discipline that provides in-process visibility of project execution through the integration of technical work content, project schedules and resources. It establishes project baselines against which accomplishment and costs are recorded and significant variances are analyzed for management action. Currently, EVM is under implementation on the RAMRS Project and is providing viable decision-making data.
- b. ABC is an innovative and proactive management tool that provides support for management decision-making while directly correlating costs to their source(s). ABC focuses on the activities that consume resources during production by placing the emphasis on 'what is being done' and assigning costs accordingly. This provides management a clear view of the procedures and costs that are a result of each activity. The Marine Corps Logistics Bases' Installations and Logistics Division began collecting and utilizing data using ABC techniques in FY 97. The Command expanded the scope of ABC into the Maintenance Centers and other areas in FY 1999 and will continue this expansion throughout the budget years.
- c. ISO 9000 is the overall guideline for quality systems published by the International Organization for Standardization. It baselines the systems and processes in use at the activity, documents recommended improvements, and once systems and process changes are implemented, ensures that the quality systems and processes are in use. This assures customers that the Maintenance Centers are a viable business operation. The Centers are currently in the process of implementing ISO 9002. Compliance is expected to be attained during FY 2000.
- d. The AAV Reliability, Availability, Maintainability /Rebuild to Standards (RAM/RS) program encompasses the AAV7A1 Family of Vehicles. They must remain in service until they are replaced by the AAV beginning in FY 2006. The DMAG activities are rebuilding the vehicles as well as installing the modifications required to bring them to their most current configuration.
- e. The Maintenance Centers are also implementing CompassCONTRACT which is a Manufacturing Resource Planning II Information Management System. CompassCONTRACT provides Contract Management, Shop Floor Control, Engineering/Configuration Management, Resource Planning, Procurement, Master Scheduling, and Financial Management. The production implementation began on the AAV for the 1998 Rebuild program. The Maintenance Center's current time and attendance system will be enhanced, and will provide the functionality to allow the technician on the shop floor to log on and off of work orders to capture actual expended hours.
- f. The MCC is a management tool that combines business processes, organizational structure, and information systems necessary to effectively and efficiently control the production and material requirements involved in the remanufacturing of Marine Corps equipment. The MCC provides the Maintenance Center with material management, inventory management and distribution management strategies needed to manage

production and control the procurement, accountability, scheduling and release of new and remanufactured/reused parts and components to the assembly line process.

Financial Profile:

(Dollars in Millions)

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Revenue	172.6	222.7	209.3
Cost of Goods Sold	181.9	203.2	194.6
Operating Result	-9.3	19.5	14.6
Surcharge	-3.4	0	0
Extraordinary Expense	.7	0	0
Net Operating Result	-12.0	19.5	14.6
PY Adjustment	1.6	-6.1	0
AOR	-28.0	-14.6	0

Revenue

The FY 2000 revenue includes a surcharge of \$28.6 million to be collected from the Operation and Maintenance, Marine Corps appropriation, in accordance with DoD policy, to offset unbudgeted operating losses incurred and anticipated in FY 1999 and FY 2000. FY 2001 revenue reflects a stabilized rate change of 18.6% required to bring the customer rate in line with improved cost estimates for executing the requested workload.

Cost of Goods Sold:

FY 2000 expenses include a write-off of \$6.1 million in excess inventory as well as \$8.2 million in costs to develop and implement Better Business Practices (BBPs). FY 2001 decreases from FY 2000 by 4% due to decreased workload and savings anticipated to result from implementation of BBPs.

Net Operating Result:

(Dollars in Millions)

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Net Operating Result	-12.0	19.5	14.6
Accumulated Operating Results	-28.0	-14.6	0

The FY 2001 Net Operating Result (NOR) reflects the recovery of prior year operating losses in order to achieve an Accumulated Operating Result of zero. This budget adheres to DoD policy with inclusion of a \$28.6 million surcharge in FY 2000 to recover NOR losses experienced in FY 1999 and projected to otherwise occur in FY 2000.

Orders:

	(Dollars in Millions)		
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Orders	178.1	211.1	207.3

FY 2000 orders increase approximately 18.5% from FY 1999 due imposition of a \$28.6 million surcharge to the Operation and Maintenance, Marine Corps to recover actual and projected NOR losses in FY 1999 and FY 2000. The decrease from FY 2000 to FY 2001 reflects the stabilization of workload pricing and a rate set to fully recover costs.

Workload: (000)

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Direct Labor Hours	1,995	2,237	2,160

The direct labor hours are projected based on the estimated workload for each fiscal year. Direct overtime is projected at 12 percent and 10 percent in FY 2000 and FY 2001 respectively.

Staffing:

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Civilian End Strength	1,632	1,830	1,811
Civilian Workyears (incl O/T)	1,977	2,001	1,956
Military End Strength	20	12	12
Military Work Years	11	12	12

Staffing levels are directly related to the projected workload. End strength levels in FY 2000 include the addition of 152 temporary employees and the increase of 43 permanent employees to execute projected workload. The increase in temporary employees includes the addition of 141 heavy mobile mechanics in support of automotive/ordnance workload and 11 temporary employees for the MCCs.

Performance Indicators:

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Schedule Conformance	96.9%	99.5%	99.3%
Quality Deficiency Reports	.6%	.2%	.2%

Customer Rate Changes:

	(Dollars in Millions)		
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Average Stabilized Customer Rate	\$77.72	\$83.37	\$98.87
Change from Prior Year Stabilized Rate	6.3%	7.3%	18.6%

Unit Costs:

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Per direct labor hour	\$87.89	\$89.80	\$89.84

Capital Budget Authority:

	(Dollars in Millions)		
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Equip/Non ADPE/TELE	3.4	1.5	3.5
ADPE/TELECOM Equip	0	0	0
Software Development	0	0	0
Minor Construction	.6	1.3	0
TOTAL	4.0	2.8	3.5

Economies and Efficiencies:

The DMAG is committed to increasing its efficiency throughout the maintenance process and the Maintenance Centers. Although EVMS, ABC and ISO 9000 are all unique programs, each is focused on quality improvement of our processes. They share the common goal of refining business practices.

INDUSTRIAL BUDGET INFORMATION SYSTEM
 REVENUE and EXPENSES
 AMOUNT IN MILLIONS
 MCIF / TOTAL

(NIFRPT)

PAGE 1

	FY 1999 CON	FY 2000 CON	FY 2001 CON
Revenue:			
Gross Sales			
Operations	165.7	219.1	205.7
Surcharges	3.4	.0	.0
Depreciation excluding Major Constructio	3.5	3.6	3.6
Other Income			
Total Income	172.6	222.7	209.3
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	1.1	.9	.8
Civilian Personnel	99.0	107.2	108.4
Travel and Transportation of Personnel	.7	1.3	1.2
Material & Supplies (Internal Operations	41.8	47.7	46.8
Equipment	2.0	3.1	2.6
Other Purchases from NWCF	1.4	4.5	4.5
Transportation of Things	.0	.0	.0
Depreciation - Capital	3.5	3.6	3.6
Printing and Reproduction	.1	.1	.1
Advisory and Assistance Services	.0	.0	.0
Rent, Communication & Utilities	5.6	5.5	5.6
Other Purchased Sevices	20.1	27.0	20.6
Total Expenses	175.4	200.8	194.1
Work in Process Adjustment	6.6	2.3	.6
Comp Work for Activity Reten Adjustment	.0	.0	.0
Cost of Goods Sold	181.9	203.2	194.6
Operating Result	-9.3	19.5	14.6
Less Surcharges	-3.4	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0
Other Changes Affecting NOR/AOR	.7	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0
Net Operating Result	-12.0	19.5	14.6
Other Changes Affecting AOR	1.6	-6.1	.0
Accumulated Operating Result	-28.0	-14.6	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
Source of Revenue
AMOUNT IN MILLIONS
MARINE CORPS DEPOTS

PAGE 1

	FY 1999 CON	FY 2000 CON	FY 2001 CON
1. New Orders	178.1	211.1	207.3
a. Orders from DoD Components	167.9	194.2	187.5
Department of the Navy	163.5	191.6	183.5
O & M, Navy	.3	1.8	1.9
O & M, Marine Corps	116.7	135.5	120.2
O & M, Navy Reserve	.0	.0	.0
O & M, Marine Corp Reserve	3.1	11.3	9.3
Aircraft Procurement, Navy	.0	.0	.0
Weapons Procurement, Navy	.0	.0	.0
Ammunition Procurement, Navy/MC	.0	.0	.0
Shipbuilding & Conversion, Navy	.0	.0	.0
Other Procurement, Navy	.0	.0	.0
Procurement, Marine Corps	43.2	40.3	48.6
Family Housing, Navy/MC	.0	.0	.0
Research, Dev., Test, & Eval., Navy	.2	.4	.1
Military Construction, Navy	.0	.0	.0
Other Navy Appropriations	.0	.0	.0
Other Marine Corps Appropriations	.0	2.3	3.5
Department of the Army	2.0	2.6	4.0
Army Operation & Maintenance	.8	2.6	4.0
Army Res, Dev, Test, Eval	.0	.0	.0
Army Procurement	.0	.0	.0
Army Other	1.2	.0	.0
Department of the Air Force	.1	.0	.0
Air Force Operation & Maintenance	.1	.0	.0
Air Force Res, Dev, Test, Eval	.0	.0	.0
Air Force Procurement	.0	.0	.0
Air Force Other	.0	.0	.0
DOD Appropriation Accounts	2.3	.0	.0
Base Closure & Realignment	.0	.0	.0
Operation & Maintenance Accounts	.0	.0	.0
Res, Dev, Test & Eval Accounts	.0	.0	.0
Procurement Accounts	.0	.0	.0
DOD Other	2.3	.0	.0
b. Orders from NWCF Business Area	6.5	14.9	18.1
c. Total DoD	174.4	209.1	205.5
d. Other Orders	3.7	2.0	1.8
Other Federal Agencies	3.5	1.2	1.2
Foreign Military Sales	.0	.0	.0
Non Federal Agencies	.2	.8	.6

INDUSTRIAL BUDGET INFORMATION SYSTEM
Source of Revenue
AMOUNT IN MILLIONS
MARINE CORPS DEPOTS

PAGE 2

	FY 1999 CON	FY 2000 CON	FY 2001 CON
2. Carry-In Orders	58.4	63.8	52.2
3. Total Gross Orders	236.5	274.9	259.5
4. Funded Carry-Over **	63.8	52.2	50.2
5. Less Passthrough	.0	.0	.0
6. Total Gross Sales	172.7	222.7	209.3
Adjusted Carry-Over	48.3	43.3	38.3

** Carry over data before adjustments for
work-in-process, BRAC, FMS, non-DOD and
contractual obligations.

CHANGES IN THE COSTS OF OPERATION
NAVY WORKING CAPITAL FUND
Marine Corps Depot Maintenance
FY 2001 President's Budget

(Dollars in Millions)

	EXPENSES
FY1999 Actual:	175.4
FY 2000 President's Budget:	156.3
Pricing Adjustments:	
Annualization of Prior Year Pay Raises	0.0
Civilian Personnel	0.3
Military Personnel	0.0
Material & Supplies	(0.1)
Other Price Changes	(0.1)
Program Changes:	
Civilian Personnel	17.0
Military Personnel	0.0
Material & Supplies	12.1
Travel and Transportation of Personnel	0.2
Intra Fund Purchases	0.7
Other Purchases	14.4
FY 2000 Current Estimate:	200.8
Pricing Adjustments:	
FY 2001 Pay Raise	
Civilian Personnel	(0.2)
Military Personnel	0.0
Annualization of Prior Year Pay Raise	0.4
Other Price Changes	
Material & Supplies	0.1
Other Purchases	(0.1)
Productivity Initiatives and Other Efficiencies:	
Capital Purchase Program Savings	(1.4)
Better Business Practice Initiatives Savings	(4.0)
Program Changes:	
Civilian Personnel	1.0
Military Personnel	0.0
Material & Supplies	(1.5)
Other Purchases	(1.1)
FY 2001 Current Estimate	194.1

NAVY WORKING CAPITAL FUND
Marine Corps Depot Maintenance
MATERIAL INVENTORY DATA
FY 2001 President's Budget
(Dollars in Millions)

			Peacetime	
Fiscal Year 1999	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
Material Inventory BOP*	27.7	0.0	27.7	0.0
<u>Purchases</u>				
A. Purchases to Support Customer Orders	53.1	0.0	53.1	0.0
B. Purchases of long lead times in advance of customer orders (+)	0.0	0.0	0.0	0.0
C. Other Purchases (list) (+)				
Materials & Supplies	0.0	0.0	0.0	0.0
D. Total Purchases	53.1	0.0	53.1	0.0
<u>Material Inventory Adjustment</u>				
A. Material Used in Maintenance (and billed/charged to customer orders	38.1	0.0	38.1	0.0
B. Disposals, theft, losses due to damage (-)*	0.0	0.0	0.0	0.0
C. Other reductions (list) (-)	0.0	0.0	0.0	0.0
D. Total inventory adjustment	38.1	0.0	38.1	0.0
Material Inventory EOP*	42.8	0.0	42.8	0.0
<u>Fiscal Year 2000</u>				
Material Inventory BOP*	42.8	0.0	42.8	0.0
<u>Purchases</u>				
A. Purchases to Support Customer Orders	38.3	0.0	38.3	0.0
B. Purchases of long lead times in advance of customer orders (+)	0.0	0.0	0.0	0.0
C. Other Purchases (list) (+)				
Materials & Supplies	0.0	0.0	0.0	0.0
D. Total Purchases	38.3	0.0	38.3	0.0
<u>Material Inventory Adjustment</u>				
A. Material Used in Maintenance (and billed/charged to customer orders	42.7	0.0	42.7	0.0
B. Disposals, theft, losses due to damage (-)*	0.0	0.0	0.0	0.0
C. Other reductions (list) (-)	0.0	0.0	0.0	0.0
D. Total inventory adjustment	42.7	0.0	42.7	0.0
Material Inventory EOP*	38.4	0.0	38.4	0.0
<u>Fiscal Year 2001</u>				
Material Inventory BOP*	38.4	0.0	38.4	0.0
<u>Purchases</u>				
A. Purchases to Support Customer Orders	40.3	0.0	40.3	0.0
B. Purchases of long lead times in advance of customer orders (+)	0.0	0.0	0.0	0.0
C. Other Purchases (list) (+)				
Materials & Supplies	0.0	0.0	0.0	0.0
D. Total Purchases	40.3	0.0	40.3	0.0
<u>Material Inventory Adjustment</u>				
A. Material Used in Maintenance (and billed/charged to customer orders	42.1	0.0	42.1	0.0
B. Disposals, theft, losses due to damage (-)*	0.0	0.0	0.0	0.0
C. Other reductions (list) (-)	0.0	0.0	0.0	0.0
D. Total inventory adjustment	42.1	0.0	42.1	0.0
Material Inventory EOP*	36.6	0.0	36.6	0.0

WORKING CAPITAL FUND INVESTMENT SUMMARY
Marine Corps Depot Maintenance
FY 2001 President's Budget
February 2000

Dollars in Millions

Line Number	Item Description	FY 1999 Actuals		FY 2000 Estimate		FY 2001 Estimate	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	Equipment						
1	Asset Tracking System (productivity)	2	1.0	2	1.3	0	0.0
2	Warehouse Retrieval System (productivity)	0	0.0	0	0.0	1	1.3
3	Automatic Washing Booth (productivity)	0	0.0	0	0.0	1	0.5
4	Equipment - items less than \$.5M each		2.5		0.4		1.7
	<i>Replacement</i>	3	0.5	2	0.4	4	0.7
	<i>Productivity</i>	8	1.8	0	0.0	3	0.9
	<i>New Mission</i>	1	0.2	0	0.0	1	0.1
	<i>Environmental Compliance</i>	0	0.0	0	0.0	0	0.0
	Total Equipment (non_ADPE & Telecom)		3.4		1.6		3.5
	ADPE & Telecom		0.0		0.0		0.0
5	Minor Construction	3	0.6	5	1.2	0	0.0
	Software Development	0	0.0	0	0.0	0	0.0
	TOTAL		4.0		2.9		3.5

FY 2001 PRESIDENT'S BUDGET SUBMISSION (Dollars in Thousands)							A. Budget Submission FY 2001 PRESIDENT'S BUDGET					
B. Component/Business Area/Date				C. Line# and Description			D. Site Identification					
Marine Corps Depot Maintenance/ February 2000				1/ Asset Tracking System (Productivity)			MC Depots Albany, GA and Barstow, CA					
				FY 1999			FY 2000			FY 2001		
ELEMENTS OF COST				Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP				2		965			1,262			
Narrative Justification: <p>This system will track the location of assets and components in the maintenance center. The system offers a 10,000 square foot tracking cell with eight antennas, a cell controller, and coaxial cable. Radio frequency tags, a NT server and application software. The system provides: on demand inventory reporting, an audit trail of asset use or movement, reliable control and monitoring of asset movement within a facility. The system will be installed at two sites, Albany, Georgia and Barstow, California. A portion of the system was purchased in FY 1999 and the balance, including software, will be purchased in FY 2000. The operations cost for purchasing versus status quo results in a net present value of \$2,900 thousand and a benefit (inflated) of \$5,700 thousand.</p>												

FY 2001 PRESIDENT'S BUDGET SUBMISSION (Dollars in Thousands)							A. Budget Submission FY 2001 PRESIDENT'S BUDGET					
B. Component/Business Area/Date Marine Corps Depot Maintenance/ February 2000				C. Line# and Description 2/ Warehouse Retrieval System (productivity)			D. Site Identification MC Depots Albany, GA and Barstow, CA					
				FY 1999			FY 2000			FY 2001		
ELEMENTS OF COST				Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP										1	1,320	1,320
Narrative Justification: <div> Warehouse Retrieval System. This is a computer controlled storage and retrieval system which consists of an enclosed storage carousel rack with an automated pickup system. Pallets can accommodate parts/equipment kiting for specific depot maintenance lines and applications and also store new or rebuilt parts to be retrieved upon demand. The system will have major utility for storing and retrieving components beyond the duration of these programs. Approximately 18,000 line items can be stored in the automated system. The operations cost for purchasing versus status quo results in a benefit of \$14,800 thousand with a net present value of \$6,332 thousand. </div>												

FY 2001 PRESIDENT'S BUDGET SUBMISSION (Dollars in Thousands)							A. Budget Submission FY 2001 PRESIDENT'S BUDGET					
B. Component/Business Area/Date Marine Corps Depot Maintenance/ February 2000				C. Line# and Description 3/ Automatic Washing Booth (productivity)			D. Site Identification MC Depots Albany, GA and Barstow, CA					
				FY 1999			FY 2000			FY 2001		
ELEMENTS OF COST				Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP										1	500	500
Narrative Justification: <div> The Automatic Wash System consists of three automatic wash arms plus associated hoses, soap supply hoses, control system, and engineering, testing, training, and documentation. The system washes vehicles before disassembly and after assembly to remove excess dirt. The Automatic Wash system can be installed in the pit area to eliminate individuals descending in the pit area to wash vehicles. The operations cost for purchasing versus status quo results in a net present value of \$472 thousand and a benefit (inflated) of \$ 898 thousand. </div>												

FY 2001 PRESIDENT'S BUDGET SUBMISSION (Dollars in Thousands)							A. Budget Submission FY 2001 PRESIDENT'S BUDGET					
B. Component/Business Area/Date Marine Corps Depot Maintenance/ February 2000				C. Line# and Description 4/ Equipment less than \$.5M			D. Site Identification MC Depots Albany, GA and Barstow, CA					
				FY 1999			FY 2000			FY 2001		
ELEMENTS OF COST				Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP				12		2,467	2		380	8		1,727

Narrative Justification:

FY 2000 Projects:
 VCM 75 CNC Mill (\$250 thousand)
 IC-200-2b Broderson 15 Ton Crane (\$130 thousand)

FY 2001 Projects:
 Asset Delivery System1 (\$450 thousand). The Asset Delivery System consists of three Automatic Guided Vehicles (AGV) plus associated equipment such as chargers, tow trailers, call boxes, control system, guided path, and engineering , testing , training, and documentation. The system will deliver and pickup pallets along the route of the craneway and transport pallets from the main warehouse to the assembly/disassembly areas in work areas. The operations cost for purchasing versus status quo results in a benefit (inflated) of \$3,070 thousand and a net present value (NPV) of \$1611 thousand.

Paint Booths (Two) (\$300 thousand). Two stand alone paint booths, including drying ovens, will be installed in existing buildings. The operations cost for purchasing versus status quo results in a benefit (inflated) of \$1,079 thousand with a NPV of \$635 thousand.

Fall Prevention (\$200 thousand). Installation of various equipment and platforms are necessary to satisfy OSHA requirements. OSHA 29 CFR 1910.23(b) and (c) outline the requirements for any work performed next to an opening which has a four foot or greater drop. The department of labor states that this is the most cited area of the OSHA code..

Chicago Press Brake (\$200 thousand). The press brake provides up to 150 ton bending pressure for sheet metal up to 3/8 inch thick and facilitates bending sheet metal of various sizes at various angles. Its features include 12 feet minimum hydraulic ram and bed width, 16 inch minimum gap, 6 inch stroke, and automatic lubrication. Computer Numerical Control (CNC) regulates backgauge and downstroke. The operations cost for purchasing versus status quo results in a benefit (inflated) of \$314 thousand with a NPV of \$222 thousand.

FY 2001 PRESIDENT'S BUDGET SUBMISSION (Dollars in Thousands)							A. Budget Submission FY 2001 PRESIDENT'S BUDGET					
B. Component/Business Area/Date Marine Corps Depot Maintenance/ February 2000				C. Line# and Description 4/ Equipment less than \$.5M - CONTINUED			D. Site Identification MC Depots Albany, GA and Barstow, CA					
				FY 1999			FY 2000			FY 2001		
ELEMENTS OF COST				Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP				12		2,467	2,467	2	380		8	1,727
Narrative Justification: continuation <div> <p>Strippit Punch Press (\$225 thousand). The machine will be used to automatically punch components out of sheets of light gauge aluminum and steel up to 5/16 inch thick to fabricate sheet metal components for items such as military shelters, vehicles and other equipment. Utilizing a turret type tool holder and changer, the machine allows the operator to punch many shapes and configurations without manually changing the setup every few minutes. The operations cost for purchasing versus status quo results in a benefit (inflated) of \$367 thousand with a NPV of \$238 thousand.</p> <p>Husky Model S-200 40,000 PSI V.H.P. Pump (\$213 thousand). The Husky pump is a high pressure water jet blaster with the capability to clean & remove paint in one operation. In many cases, the pump can eliminate the traditional need for two separate processes, steam cleaning & blast stripping, and potentially reduce man hours by half. Water blasting will also eliminate the use of blast media on items compatible with this type cleaning and stripping method. The pump is comprised of a 40,000 PSI Pump w/two independent stations driven by a 205 hp diesel engine with a 100 gal fuel tank and insulated exhaust system. Other features include a direct drive main pump, high pressure protection valve, automatic shut down for low inlet water pressure or high temp, 10 micron absolute filter, flow rate of 6.5 gal per min, and 300 rpm jet water blasting. The entire system is skid mounted for easy mobility. The operations cost for purchasing versus status quo results in a benefit (inflated) of \$848 thousand with a NPV of \$454 thousand.</p> <p>HP-85301C Antenna cross-section Measurement System (\$139 thousand). The HP-85301c consists of an HP-8530A microwave receiver, HP-8511B frequency converter, OPT 010 add time domain capability, OPT011 add HP-8510C firmware. It provides the capability to measure a variety of different antennas within 45 MHz to 26.5 GHz range in both near and far fields and measures the dynamic range of better than -88dB. The HP 85310A frequency converter can be located directly at the antenna under test. The entire system is skid mounted for easy mobility. The operations cost for purchasing versus status quo results in a benefit (inflated) of \$1,297 thousand with a NPV of \$1,.077 thousand.</p> </div>												

FY 2001 PRESIDENT'S BUDGET SUBMISSION (Dollars in Thousands)							A. Budget Submission FY 2001 PRESIDENT'S BUDGET					
B. Component/Business Area/Date				C. Line# and Description			D. Site Identification					
Marine Corps Depot Maintenance/ February 2000				5/ Minor Construction			MC Depots Albany, GA and Barstow, CA					
				FY 1999			FY 2000			FY 2001		
ELEMENTS OF COST				Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP					3	565		5	1,211			
Narrative Justification:												
<div>FY 2000 Projects: Storage Building -- \$406 thousand Metrology Addition -- \$460 thousand Lube and Oil Facility -- \$345</div>												

NAVY WORKING CAPITAL FUND
Marine Corps Depot Maintenance
FY 2001 PRESIDENT'S BUDGET
(Dollars in Millions)
FY 2000

<u>Project</u>	<u>Original Estimate</u>	<u>Change</u>	<u>Current Proj Cost</u>	<u>Explanation</u>
Equipment except ADPE and TELECOM				
VMC 75 CNC Mill	0.250	0.000	0.250	
IC-200-2b Broderson 15 Ton Crane	0.130	0.000	0.130	
Asset Tracking System	1.000	0.262	1.262	Contractor site survey estimate
OMAX Water Jet Cutting Machine	0.150	(0.150)	0.000	Purchased in FY 19999
Subtotal Equipment	1.530	0.112	1.642	
Equipment - ADPE and TELECOM	0.000	0.000	0.000	
Software Development	0.006	(0.006)	0.000	No longer required
Minor Construction				
Storage Building	0.250	0.156	0.406	Contractor estimate increase
Lube and Oil Facility	0.345	0.000	0.345	
Metrology Addition w/Clean Room	0.297	0.163	0.460	Contractor estimate increase
MCC Kitting Facility	0.425	(0.425)	0.000	Purchased in FY 1999
Sub-total Minor Construction	1.317	(0.106)	1.211	
Total FY 2000	2.853	0.000	2.853	

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
NAVAL AIR WARFARE CENTER
FY 2001 PRESIDENT'S BUDGET
FEBRUARY 2000**

ACTIVITY GROUP FUNCTION

The Naval Air Warfare Center (NAWC) includes the Aircraft Division (NAWCAD) and the Weapons Division (NAWCWD). The NAWC mission is to be the Navy's full spectrum research, test, and evaluation, in-service engineering, and Fleet support activity for naval aircraft engines, avionics, and aircraft support systems, ship/shore/air operations, weapons systems associated with air warfare, missiles, and missile subsystems, aircraft weapons integration, airborne electronic warfare systems and air, land and sea test ranges. The scope of our mission includes supporting the acquisition and in-service support of both manned and unmanned air vehicles and air operations from both ship and shore.

ACTIVITY GROUP COMPOSITION

Activity Name

Naval Air Warfare Center, Aircraft Division
Naval Air Warfare Center, Aircraft Division
Naval Air Warfare Center, Aircraft Division
Naval Air Warfare Center, Weapons Division
Naval Air Warfare Center, Weapons Division

Location

Lakehurst, NJ
Patuxent River, MD
St Inigoes, MD
China Lake, CA
Pt Mugu, CA

BUDGET HIGHLIGHTS

Workload. Approximately 80% of the products and services provided by the NAWC are to Department of the Navy customers, with the remaining 20% split between other DOD Appropriation Accounts and Other Federal and Non-Federal customers. Workload estimates remain stable for FY 2000 and FY 2001 at \$2.07 billion.

Direct Labor Hours. Direct labor hours reflect a reduction of 3.1% from FY 1999 to FY 2000, and .8% from FY 2000 into FY 2001. The reduction is consistent with changes in workload and efficiencies related to Strategic Sourcing. Reductions also reflect a shift from in-house labor to contractor personnel.

Stabilized Rates. The FY 2001 composite stabilized rate of \$87.32 represents an increase of 5% over the FY 2000 rate of \$83.11. Included in the FY 2001 rate is a \$12.0 million CPP surcharge.

Revenue. FY 1999 revenue was approximately \$2.1 billion and is projected to decrease slightly in FY 2000 and FY 2001 to \$2.0 billion.

Cost of Goods Sold. Cost of goods sold for FY 1999 was \$2.118 billion. FY 2000 and FY 2001 reflect a slight reduction to \$2.068 billion consistent with workload reduction and impact of Strategic Sourcing.

Unit Cost Goals. The budget reflects the following FY 1999-2001 unit cost goals.

	(\$ and DLHs in Millions)		
	FY 1999	FY 2000	FY 2001
Direct Labor Costs + Overhead	\$1,115.1	\$1,124.1	\$1,136.3
Direct Labor Hours (DLHs)	12.849	12.454	12.359
Unit Costs	\$86.78	\$90.26	\$91.94

Reduction in direct labor hours (DLHs) is consistent with changes in workload and shift from in-house labor to contractor personnel.

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
NAVAL AIR WARFARE CENTER
FY 2001 PRESIDENT'S BUDGET
FEBRUARY 2000**

Net Operating Results (NOR)/Accumulated Operating Results (AOR).

	FY 1999	FY 2000	FY 2001
NOR (\$M)	\$9.8	\$4.2	\$23.5
AOR (\$M)	\$-15.6	\$-11.5	\$0

FY 2001 rates were planned to recoup prior year losses and achieve zero (0) AOR. FY2001 NOR includes a \$12.0 million CPP surcharge to fund the CPP program.

Summary of Capital Purchases Program (CPP) Amounts included in the budget for CPP are:

	(\$ In Millions)		
	FY 1999	FY 2000	FY 2001
Equipment Other than ADPE	11.6	9.9	10.2
Minor Construction	1.7	2.3	2.1
Equipment -ADPE & TELECOM	19.0	10.3	9.2
Software Development	4.4	10.3	20.1
Total	36.7	32.8	41.6

FY 1999 includes obligations and FY 1999 program authorized to be obligated in FY 2000.

SUMMARY OF PERSONNEL RESOURCES

	FY 1999	FY 2000	FY 2001
Civilian Personnel:			
End Strength	10,992	10,876	10,830
Workyears	11,094	10,843	10,786
Military Personnel:			
End Strength	289	286	269
Workyears	276	250	223

The decrease in Civilian End Strength from FY 1999 to FY 2001 reflects increased use of contractor personnel, and personnel savings associated with Strategic Sourcing. The increased use of contractors allows management more flexibility associated with workload fluctuation. The decrease in Military Personnel reflects a reduction in the requirement for NWCF military billets.

INDUSTRIAL BUDGET INFORMATION SYSTEM
 REVENUE and EXPENSES
 AMOUNT IN MILLIONS
 NAWCDIV / TOTAL

(NIFRPT)

PAGE 1

	FY 1999 CON	FY 2000 CON	FY 2001 CON
Revenue:			
Gross Sales			
Operations	2,107.3	2,044.7	2,050.3
Surcharges	.0	.0	12.0
Depreciation excluding Major Constructio	20.4	27.7	29.6
Other Income			
Total Income	2,127.7	2,072.4	2,091.9
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	16.1	12.7	11.2
Civilian Personnel	821.3	836.3	852.8
Travel and Transportation of Personnel	66.1	66.5	67.0
Material & Supplies (Internal Operations	218.9	189.1	168.2
Equipment	33.4	63.4	60.2
Other Purchases from NWCF	41.3	55.2	55.5
Transportation of Things	2.8	1.7	1.7
Depreciation - Capital	20.4	27.7	29.6
Printing and Reproduction	9.6	2.0	1.9
Advisory and Assistance Services	8.8	11.1	11.2
Rent, Communication & Utilities	47.5	53.3	53.8
Other Purchased Sevices	827.3	749.2	755.3
Total Expenses	2,113.4	2,068.2	2,068.5
Work in Process Adjustment	4.5	.0	.0
Comp Work for Activity Reten Adjustment	.0	.0	.0
Cost of Goods Sold	2,117.9	2,068.2	2,068.5
Operating Result	9.8	4.2	23.5
Less Surcharges	.0	.0	-12.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0
Net Operating Result	9.8	4.2	11.5
Other Changes Affecting AOR	.0	.0	.0
Accumulated Operating Result	-15.6	-11.5	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
Source of Revenue
AMOUNT IN MILLIONS
NAWCDIV / TOTAL

(NIFRPT)

PAGE 1

	FY 1999 CON	FY 2000 CON	FY 2001 CON
1. New Orders	2,217.7	2,066.9	2,076.8
a. Orders from DoD Components	1,992.3	1,836.3	1,825.0
Department of the Navy	1,775.2	1,610.3	1,580.4
O & M, Navy	445.3	395.7	424.1
O & M, Marine Corps	13.8	13.6	14.1
O & M, Navy Reserve	11.9	12.0	12.5
O & M, Marine Corp Reserve	.3	.0	.0
Aircraft Procurement, Navy	312.6	259.9	233.7
Weapons Procurement, Navy	59.9	46.8	36.0
Ammunition Procurement, Navy/MC	18.8	12.4	14.3
Shipbuilding & Conversion, Navy	80.4	61.6	63.0
Other Procurement, Navy	67.1	55.8	57.8
Procurement, Marine Corps	2.6	3.2	3.3
Family Housing, Navy/MC	12.6	16.4	16.5
Research, Dev., Test, & Eval., Navy	749.8	733.0	705.1
Military Construction, Navy	.1	.0	.0
Other Navy Appropriations	.0	.0	.0
Other Marine Corps Appropriations	.0	.0	.0
Department of the Army	27.0	24.8	25.5
Army Operation & Maintenance	8.6	5.5	5.6
Army Res, Dev, Test, Eval	12.6	8.9	9.0
Army Procurement	5.2	10.1	10.4
Army Other	.6	.4	.4
Department of the Air Force	47.9	51.4	48.7
Air Force Operation & Maintenance	7.5	8.6	8.0
Air Force Res, Dev, Test, Eval	22.9	25.9	24.0
Air Force Procurement	16.8	15.7	15.6
Air Force Other	.6	1.1	1.2
DOD Appropriation Accounts	142.3	149.8	170.4
Base Closure & Realignment	7.9	.0	.0
Operation & Maintenance Accounts	22.0	24.2	27.4
Res, Dev, Test & Eval Accounts	53.2	69.5	68.5
Procurement Accounts	55.6	54.7	72.9
DOD Other	3.6	1.5	1.6
b. Orders from NWCF Business Area	87.5	79.2	80.3
c. Total DoD	2,079.8	1,915.5	1,905.2
d. Other Orders	137.9	151.4	171.5
Other Federal Agencies	19.3	24.5	25.5
Foreign Military Sales	87.4	73.8	75.6
Non Federal Agencies	31.3	53.0	70.5

Source of Revenue
AMOUNT IN MILLIONS
NAWC DIV / TOTAL

	FY 1999 CON	FY 2000 CON	FY 2001 CON
2. Carry-In Orders	522.2	612.2	606.6
3. Total Gross Orders	2,739.9	2,679.0	2,683.4
4. Funded Carry-Over **	612.2	606.6	591.5
5. Less Passthrough	.0	.0	.0
6. Total Gross Sales	2,127.7	2,072.4	2,091.9
Adjusted Carry-Over	345.7	317.1	292.7

** Carry over data before adjustments for
work-in-process, BRAC, FMS, non-DOD and
contractual obligations.

CHANGES IN COST OF OPERATIONS
DEPARTMENT OF THE NAVY
Naval Air Warfare Center
FY 2001 President's Budget February 2000
(DOLLARS IN MILLIONS)

1	FY 1999 Actuals	2117.9
2	FY 2000 President's Budget	2033.6
3	Pricing Adjustments	-0.1
a.	Annualization of Prior Year Pay Raises	0.0
b.	FY 2000 Pay Raise	1.2
	(1) Civilian Personnel	1.2
	(2) Military Personnel	0.0
c.	WCF - Fuel	-0.6
d.	WCF - Non Fuel	0.0
e.	General Purchases Inflation	-0.7
4	Productivity Initiatives & Other Efficiencies	(2.5)
a.	Common Corporate Initiatives	0.7
b.	BPR Net Savings	1.6
c.	A-76 Net Savings	-4.8
5	Program Changes (Workload Changes)	23.9
a.	AV-8B	2.0
b.	Common Systems Program	1.2
c.	E-2C	6.4
d.	E-2 Squadrons	5.2
e.	F-14 Series	-0.6
f.	Fleet Tech Support	0.9
g.	LAMPS/Data Link	7.2
h.	T-45TS	1.0
i.	V-22 Program	5.8
j.	Joint Strike Fighter	2.6
k.	F/A-18 Squadrons	-16.6
l.	P-3 Series	-10.2
m.	Voyage Repair Team	10.9
n.	Common Ground Equipment	-4.5
o.	F/A-18	9.3
p.	MRTFB control change	15.9
q.	JSOW	1.0
r.	Sidewinder Mods	5.7
s.	General Purpose/Practice Bombs	6.5
t.	Hellfire	5.0
u.	AMRAAM	-1.3
w.	Trident	-0.7
x.	Crew Systems	-1.0
y.	Sparrow	-1.5
z.	SLAM	-0.4
aa.	JDAM	-1.2

CHANGES IN COST OF OPERATIONS
DEPARTMENT OF THE NAVY
Naval Air Warfare Center
FY 2001 President's Budget February 2000
(DOLLARS IN MILLIONS)

	ab. AV-8B	-0.3
	ac. SLAM	-33.0
	ad. Various Programs	8.6
6	Other Changes in:	13.2
	a. Workload Planning System	0.8
	b. Increased DFAS Expense	7.3
	c. Other Expense Changes	0.8
	d. Additional CA Studies Costs	2.0
	e. Separation Costs	2.4
7	FY 2000 Current Estimate	2068.2

CHANGES IN COST OF OPERATIONS
DEPARTMENT OF THE NAVY
Naval Air Warfare Center
FY 2001 President's Budget February 2000
(DOLLARS IN MILLIONS)

1.	FY 2000 Current Estimate	2068.2
2.	Pricing Adjustments	65.9
a.	Annualization of Prior Year Pay Raises	9.7
b.	FY 2001 Pay Raise	23.2
	(1) Civilian Personnel	22.9
	(2) Military Personnel	0.3
c.	WCF - Fuel	11.3
d.	WCF - Nonfuel	5.7
e.	General Purchases Inflation	16.0
3.	Productivity Initiatives & Other Efficiencies	-35.9
a.	CPP Productivity Savings	-0.2
b.	BPR Net Savings	-16.1
c.	A-76 Net Savings	-19.6
4.	Program Changes (Workload Changes)	-8.9
a.	Carrier Systems Development	3.6
b.	Air Operations and Safety	5.2
c.	F-14 Series	-6.8
d.	V-22	-17.4
e.	E-2 Squadrons	2.7
f.	S-3 Series	-1.5
g.	Standards Development	2.2
h.	Joint Advance Strike Technology	-11.2
i.	Common Systems Program	2.3
j.	F/A-18 Squadrons	-16.1
k.	E-2C	-7.2
l.	F/A-18 Program	5.7
m.	Catapults and Arresting Gear	4.7
n.	Aircrew Systems Development	2.8
o.	Maintenance and Repair	10.4
p.	FMS Programs	5.1
q.	Other DoD Programs	22.0
r.	AMRAAM	-4.1
s.	Harpoon/SLAM	-5.2
t.	AV-8B	-0.3
u.	ARM/Harm	-0.3
v.	ECM	-0.9
w.	Sidewinder Mods	3.7
x.	Tactical Training Ranges	0.6
y.	MRTFB Expense Change	-1.3
z.	Various Program Changes	-7.7

**CHANGES IN COST OF OPERATIONS
DEPARTMENT OF THE NAVY
Naval Air Warfare Center
FY 2001 President's Budget February 2000
(DOLLARS IN MILLIONS)**

5.	Other Changes in:	-20.7
a.	BPR Redirected Labor	-1.4
b.	labor reductions	-9.7
c.	separation costs	-2.4
d.	Other Overhead Expense Changes	-7.2
6.	FY 2001 Current Estimate	2068.5

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
FY 2001 PRESIDENT'S BUDGET
RESEARCH AND DEVELOPMENT - AIR WARFARE CENTER
(\$ in Millions)

	ITEM DESCRIPTION	FY 1999		FY 2000		FY 2001	
			TOTAL COST		TOTAL COST		TOTAL COST
	TOTAL NON-ADP CAPITAL PURCHASES PROGRAM		13.310		12.173		12.327
	TOTAL ADP CAPITAL PURCHASES PROGRAM		23.354		20.578		29.273
	GRAND TOTAL CAPITAL PURCHASES PROGRAM		36.664		32.751		41.600

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
FY 2001 PRESIDENT'S BUDGET
RESEARCH AND DEVELOPMENT - AIR WARFARE CENTER
(\$ in Millions)

ITEM LINE #	ITEM DESCRIPTION						FY 1999		FY 2000		FY 2001	
							QTY	TOTAL COST	QTY	TOTAL COST	QTY	TOTAL COST
	1a. EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)											
	Replacement											
4 AB 9 EL 4812 P R	CATAPULT HYDRAULIC SYSTEM FLEET STANDARDIZATION						1	1.900				
8 AA 1 EL 8017 G R	LAND MOBILE COMMUNICATION TRUNKING SYSTEM										1	0.800
	Productivity											
4 WD 8 EL 0108 P P	MISSION PLANNING II						1	1.000	1	1.000	1	1.100
	New Mission											
4 AB 0 EL 4813 P N	ELECTRICAL POWER SOURCE								1	1.029		
4 AA 1 EL 4117 P N	SHIP/AIR MISSION SYSTEM SUPPORT										1	1.120
	Environmental Compliance											
4 AA 0 EL 4440 P E	ELEC. POWER SYS. CLOSED LOOP COOLING WATER										1	1.200
	SUBTOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)							2.900		2.029		4.220
NN EU 0000	1b. EQUIPMENT, OTHER THAN ADPE & TELECOM (<\$1M)						31	8.699	25	7.856	18	5.997
	2. TOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM							11.599		9.885		10.217
NN MC 0000	3. MINOR CONSTRUCTION						6	1.711	8	2.288	6	2.110
	TOTAL NON-ADP CAPITAL PURCHASES PROGRAM							13.310		12.173		12.327

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
FY 2001 PRESIDENT'S BUDGET
RESEARCH AND DEVELOPMENT - AIR WARFARE CENTER
(\$ in Millions)

ITEM LINE #					ITEM DESCRIPTION	FY 1999		FY 2000		FY 2001	
						QTY	TOTAL COST	QTY	TOTAL COST	QTY	TOTAL COST
					1a. ADP & TELECOMMUNICATIONS EQUIPMENT (>\$1M)						
					Computer Hardware (Production)						
7 AA	9 KL	7211	G R		DESKTOP SYSTEMS TECHNOLOGY REPLACEMENT	1	3.000	1	.300		
7 AA	8 KL	7233	G R		DMS TECHNOLOGY INSERTION	1	2.648				
4 WD	7 KL	6152	P R		SIGNAL PROCESSING SYSTEM	1	.850				
4 WD	4 KL	0401	P R		COMPETITIVE ENGINEERING ENVIRONMENT	1	.540				
7 AA	0 KL	7222	G R		DATA WAREHOUSE			1	2.090		
4 AB	1 KL	4820	P P		IMMERSIVE DESIGN OPTIMIZATION SYSTEM					1	1.350
					Telecommunications						
7 AA	8 TL	7230	G R		FIBER OPTIC/PHONE SUB DISTRIBUTION	1	3.104				
7 AB	9 TL	7000	G R		BASE TELEPHONE SWITCHING SYSTEM	1	1.709				
7 AA	7 TL	0723	G R		FIBER OPTIC TRANSMISSION EQUIPMENT	1	1.171	1	.726	1	.450
7 AB	0 TL	7240	G N		EXTENSION OF FIBER OPTIC/UTP INFRASTRUCTURE			1	1.679		
7 WD	3 TL	0084	G R		COMMUNICATION SYSTEM UPGRADE	1	1.300	1	1.400	1	1.043
7 AA	1 TL	7231	G R		OPTICAL REMOTE PHONE SWITCH MODULE					1	1.450
					SUBTOTAL ADPE & TELECOMMUNICATIONS (>\$1M)		14.322		6.195		4.293
NN	KU	0000			1b. ADPE & TELECOMMUNICATIONS (<\$1M)	13	4.681	13	4.083	13	4.930
					2. TOTAL ADPE & TELECOMMUNICATIONS		19.003		10.278		9.223

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
FY 2001 PRESIDENT'S BUDGET
RESEARCH AND DEVELOPMENT - AIR WARFARE CENTER
(\$ in Millions)

ITEM LINE #				ITEM DESCRIPTION	FY 1999		FY 2000		FY 2001	
					QTY	TOTAL COST	QTY	TOTAL COST	QTY	TOTAL COST
				3a. SOFTWARE DEVELOPMENT (>\$1M)						
				Internally Developed						
NN	DL	0000		DIFMS/NIMMS IMPLEMENTATION /OSE REENGINEERING		3.976		4.700		2.300
NN	DL	0002		NETWORK CENTRIC WARFARE IMPLEMENTATION (BPR)		.000		5.600		5.750
				Externally Developed						
NN	DL	0001		ENTERPRISE RESOURCE PLANNING (ERP)						12.000
				SUBTOTAL SOFTWARE DEVELOPMENT (>\$1M)		3.976		10.300		20.050
NN	DU	0000		3b. SOFTWARE DEVELOPMENT (<\$1M)		.375	0	.000	0	.000
				3. TOTAL SOFTWARE DEVELOPMENT		4.351		10.300		20.050
				TOTAL ADP CAPITAL PURCHASES PROGRAM		23.354		20.578		29.273

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY 2001 PRESIDENT'S BUDGET																						
B. Department of the Navy/Research & Development				C. LAND MOBILE COMMUNICATION TRUNKING SYSTEM				D. NAWCAD Patuxent River																					
				8AA1EL8017GR																									
				1999			2000																						
				2001																									
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST			0			0	1	800	800																				
OPERATIONAL DATE 31-May-01 METRICS: <table border="1"> <thead> <tr> <th></th> <th>AVOIDANCE</th> <th>SAVINGS</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td>\$329,100</td> <td>\$0</td> <td>\$329,100</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td>\$186,865</td> <td>\$0</td> <td>\$186,865</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td>6.4</td> <td>#DIV/0!</td> <td>6.4</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td>12%</td> <td>0%</td> <td>12%</td> </tr> </tbody> </table>											AVOIDANCE	SAVINGS	TOTAL	PROJECTED ANNUAL SAVINGS	\$329,100	\$0	\$329,100	AVERAGE ANNUAL SAVINGS (Discounted)	\$186,865	\$0	\$186,865	PAYBACK PERIOD	6.4	#DIV/0!	6.4	RATE OF RETURN (ROR)	12%	0%	12%
	AVOIDANCE	SAVINGS	TOTAL																										
PROJECTED ANNUAL SAVINGS	\$329,100	\$0	\$329,100																										
AVERAGE ANNUAL SAVINGS (Discounted)	\$186,865	\$0	\$186,865																										
PAYBACK PERIOD	6.4	#DIV/0!	6.4																										
RATE OF RETURN (ROR)	12%	0%	12%																										
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)																													
1. DESCRIPTION & PURPOSE OF PROJECT. Replacement of current land mobile communication trunking system. 2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? All public safety and project communications on board Naval Air Station (NAS), Patuxent River, are handled by the trunked communications system that was installed in 1989. The Department of Commerce's National Telecommunications and Information Administration (NTIA) proposed and are currently implementing the digital and narrowband standard. This standard doubles the number of available frequencies by using digital signal processing which requires half of the bandwidth formally allocated per radio frequency channel. All federal agencies are required to comply with this standard by 01 January 2008. In order to bridge the gap by avoiding a large cost in the year 2007 to cover this requirement, we are recommending a phased-in approach, with the largest cost incurred in the year 2001. The Naval Air Warfare Center Aircraft Division (NAWCAD) has over 300 customers currently using this older system. Much of the customer based (portable/mobile) equipment is nearing the end of its expected life cycle, which coincides well with the implementation of our phased-in approach. This results in adherence to the new standard. Compliance with this standard can only be obtained through replacements or upgrades. This project involves replacing 180 units owned by the NAS and total system replacement. 3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? Upgrading existing system components and replacing NAS customer units was considered. This would not provide the communications available with the digital and narrowband standard. 4. IMPACT IF NOT ACQUIRED. Failure to comply with this ruling by the deadline could result in communications being shut down at NAWCAD Patuxent River. 5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.																													

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY 2001 PRESIDENT'S BUDGET																						
B. Department of the Navy/Research & Development				C. MISSION PLANNING II				D. China Lake																					
				4WD8EL0108PP																									
	1999			2000			2001																						
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST	1	1,000	1,000	1	1,000	1,000	1	1,100	1,100																				
OPERATIONAL DATE 1-Dec-07 METRICS: <table border="1"> <thead> <tr> <th></th> <th>AVOIDANCE</th> <th>SAVINGS</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td>\$7,271,422</td> <td>\$0</td> <td>\$7,271,422</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td>\$4,467,974</td> <td>\$0</td> <td>\$4,467,974</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td>1.2</td> <td>#DIV/0!</td> <td>1.2</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td>57%</td> <td>0%</td> <td>57%</td> </tr> </tbody> </table>											AVOIDANCE	SAVINGS	TOTAL	PROJECTED ANNUAL SAVINGS	\$7,271,422	\$0	\$7,271,422	AVERAGE ANNUAL SAVINGS (Discounted)	\$4,467,974	\$0	\$4,467,974	PAYBACK PERIOD	1.2	#DIV/0!	1.2	RATE OF RETURN (ROR)	57%	0%	57%
	AVOIDANCE	SAVINGS	TOTAL																										
PROJECTED ANNUAL SAVINGS	\$7,271,422	\$0	\$7,271,422																										
AVERAGE ANNUAL SAVINGS (Discounted)	\$4,467,974	\$0	\$4,467,974																										
PAYBACK PERIOD	1.2	#DIV/0!	1.2																										
RATE OF RETURN (ROR)	57%	0%	57%																										
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)																													
<p>1. DESCRIPTION & PURPOSE OF PROJECT: The purpose of the Mission Planning, and future mission planning requirements, is to provide NAWCWD with a broad spectrum of capabilities responsive to current and future mission planning requirements of aircraft and weapons systems programs. The effort is proceeding in four phases: 1) provide basic Tactical Aircraft Mission Planning System (TAMPS) and mission planning science and technology facilities (FY 92/3), 2) provide collaborative project capability between China Lake and Pt. Mugu (FY 94/5), 3) provide sensor to shooter connectivity (FY 96/01), and 4) provide for custom weapon tailoring (FY 02/06).</p> <p>The current phase of sensor to shooter connectivity has two remaining modules: FY 98/99 - Distributed Data Base (including Dynamic Knowledge Management and Real-time Interpretation System) and simulation integration for constructive many on many simulation; and FY00/07 the focus will be towards the direct control of assets for research and development prototyping, with space sensor control capability in FY 2000 and tools for real time allocation and utilization of weapons systems in FY2001. Weapons tailoring capabilities will be the focus in FY02 through FY07.</p> <p>From FY98 to FY2007, the Mission Planning project will focus on database, fusion and communications integration (\$1M per year invested in FY98/99); this includes a Responsive Targeting Operations Center for fleet support, an image archive, organic targeting assets, and GBS uplink capability. These capabilities will be exercised in a network across the southwestern region, linking numerous sites, facilities, platforms and weapons. By the end of FY00/001 (\$1M invested per year),the Rapid Targeting Infrastructure will provide custom targeting support to the tactical Warfighter via the dynamic allocation of operational assets. This capability will encompass mission aspects of hard kill, soft kill and deception. The final Phase of the Mission Planning investment, the capability for custom weapon tailoring, will become operational in the FY2006/07 timeframe.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The increasing sophistication of aircraft and weapon systems utilizing the Global Positioning System, automatic target recognition systems and knowledge of both the threats and terrain masking to survive are becoming dependent on mission planning systems to be operationally useful. Our ability to rapidly utilize tactical and national intelligence, and coordinate across unit, service and national barriers will enhance our operational capabilities. This CPP provides basic mission planning facilities, facilitates collaboration across NAWC sites to maximize program synergism and contributions from appropriate experts, and is building the connectivity, data base utilities and simulation support for minimizing travel and flight test in exchange for simulation and distributed interaction of supporting facilities. Projects affected include F/A-18 mission planning, Airborne Tactical Information Management System, Tactical Tomahawk, Joint Stand Off Weapon, Joint Direct Attack Munitions, and Arid Hunter.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? Other alternatives considered have included 1) various contract options with industry, 2) going commercial, outsourcing the functional area along with the current workforce and using commercial applications, 3) going to universities that have similar capabilities.</p> <p>4. IMPACT IF NOT ACQUIRED. Failure to support the Mission Planning Initiative will seriously compromise our efforts to build a consensus and future vision in the mission planning arena. Coordination and capabilities to support military operations with tactical air weapons and cruise missiles will be significantly diminished. Mission planning response times will remain in the time frame of two days, as opposed to thirty minutes or less. The facilities and capabilities developed here support multiple programs sponsored by the National Reconnaissance Office, Navy Command & Control, the Program Executive Office for Cruise Missiles and Unmanned Aerial Vehicles, and the Program Manager for Tactical Aircraft Mission Planning. Specific requirements include mission planning response times of thirty minutes or less, direct access to National space sensors, rapid exploitation and transmission of weapon targeting materials to inflight aircraft and missiles, and rapid weapon tailoring to optimize first pass kill potential.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable</p>																													

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY 2001 PRESIDENT'S BUDGET		
B. Department of the Navy/Research & Development					C. ELECTRICAL POWER SOURCE				D. NAWCAD Lakehurst
					4AB0EL4813PN				
			1999		2000			2001	
Element of Cost			Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	
INVESTMENT COST					0	1	1,029	1,029	
OPERATIONAL DATE 30-May-01									
METRICS:		AVOIDANCE	SAVINGS	TOTAL					
PROJECTED ANNUAL SAVINGS		\$329,880	\$0	\$329,880					
AVERAGE ANNUAL SAVINGS (Discounted)		\$187,308	\$0	\$187,308					
PAYBACK PERIOD		3.9	#DIV/0!	3.9					
RATE OF RETURN (ROR)		18%	0%	18%					
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)									
<p>1. DESCRIPTION & PURPOSE OF PROJECT. This proposed acquisition is a high power electrical system for the Test Site. This system will provide the electrical power necessary to demonstrate and test future systems. This system would consist of Static VAR Compensator (STATCOM) that would act as the interface between the test equipment and the utility power grid. Since the envisioned test systems require large pulses of electrical power, they cannot be "plugged" into the utility power source without an interface that eliminates the harsh effects of the pulse loading. STATCOM provides that safe interface. This also includes an increase of the existing utility power source. The present utility power source cannot supply the required amount electrical power and as such, needs to be increased.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? Presently, there is insufficient electrical power installed at the Test Site to support the demonstration and testing of future anticipated systems. For example, the Advanced Technology Launcher (ATL) program and the Advanced Linear Motor (ALM) project are two programs that individually exceed the available electrical power at the Test Site. These are only two of the anticipated programs that will be installed and tested in FY01. Without the necessary electrical power source, these systems, as well as future systems, cannot be tested which would result in tests being conducted elsewhere. This would result in a decreased future business base for NAWC, and most likely increased cost to the Navy in general due to the need to replicate unique NAWCAD test facilities elsewhere.</p> <p>The proposed acquisition would provide the high electrical power needed to conduct testing and also the utility interface to allow pulse loading without interrupting the utility system. This results in a new capability to demonstrate and test future naval systems that rely on large amounts of electrical power.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?</p> <p>1) Leasing is not possible, since the costs are prohibitive.</p> <p>2) Contracting out is not possible, since the costs are also prohibitive. This would require the contractor to construct test facilities (jet car tracks, catapult site, data acquisition system, etc.) similar to NAWCAD's with the necessary electrical power. The cost to do this from the ground up would be exorbitant and since there would be multiple contractors developing the various systems, each contractor would have to develop independent sites,. This would result in redundant test sites and high costs.</p> <p>3) A self contained power source, such as multiple gas turbines or diesel engines hooked to turbo-alternators, is also not possible due to the high acquisition cost (on the order of \$7M for a gas turbine and generator set), in addition to the high maintenance cost associated with these systems.</p> <p>4. IMPACT IF NOT ACQUIRED. If this system is not acquired, the NAWCAD test sites will be unable to support the Navy's mission in the future. Development programs already in progress and others scheduled to begin shortly are going to require a high power electrical system for demonstration and test purposes. If the NAWCAD test sites cannot support this testing, facilities must be constructed elsewhere, at significant cost to the Navy. This will result in loss of work for the NAWC and the loss of expertise in Aircraft Launch and Recovery Equipment (ALRE) testing.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.</p>									

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY 2001 PRESIDENT'S BUDGET																						
B. Department of the Navy/Research & Development				C. SHIP/AIR MISSION SYSTEM SUPPORT					D. Patuxent River																				
				4AA1EL4117PN																									
	1999			2000			2001																						
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST			0			0	1	1,120	1,120																				
OPERATIONAL DATE 30-Sep-02 METRICS: <table border="1"> <thead> <tr> <th></th> <th>AVOIDANCE</th> <th>SAVINGS</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td>\$485,280</td> <td>\$0</td> <td>\$485,280</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td>\$298,184</td> <td>\$0</td> <td>\$298,184</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td>2.8</td> <td>#DIV/0!</td> <td>2.8</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td>27%</td> <td>0%</td> <td>27%</td> </tr> </tbody> </table>											AVOIDANCE	SAVINGS	TOTAL	PROJECTED ANNUAL SAVINGS	\$485,280	\$0	\$485,280	AVERAGE ANNUAL SAVINGS (Discounted)	\$298,184	\$0	\$298,184	PAYBACK PERIOD	2.8	#DIV/0!	2.8	RATE OF RETURN (ROR)	27%	0%	27%
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RATE OF RETURN (ROR)	27%	0%	27%																										
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)																													
<p>1. DESCRIPTION & PURPOSE OF PROJECT. This funding request is for acquisition of an AEGIS Baseline 7 weapons control system for installation at the NAWCAD Patuxent River Ship Ground Station (SGS). Baseline 7 is network based commercial off the shelf (COTS) system and is the backbone of post-2000 AEGIS and SC-21 ship combat systems. The acquisition will include the minimal configuration necessary to support LAMPS MK III Block II integrated mission systems test and evaluation (T&E). Baseline 7 provides an open, expandable architecture system to permit integration of additional ship/air mission systems at low cost (e.g., Cooperative Engagement Capability (CEC), Common High Bandwidth Data Link (CHBDL), Link 16) and permit integrated ship/air mission systems T&E support for all NAWCAD Patuxent River platforms.</p> <p>The SGS is the only facility of its kind in the Navy. It is dedicated to T&E of integrated ship/air mission systems. The actual FFG7 and DD963 shipboard systems required for end-to-end test of LAMPS MK III interfaced ship/air weapons, surveillance and sensor systems are resident. Tests are performed with FFG7 or DD963 combat direction system configurations integrated with LAMPS shipboard electronics using system cables duplicating target installation requirements. The facility is collocated with Fleet configured helo's. The majority of tests requiring use of the LAMPS data link are performed with helo's on the deck. For example, in FY97, with no major T&E program in progress, the SGS provided LAMPS MK III integrated mission systems support for test events totaling 183 flight hours and 317 ground hours (25% of SGS utilization). Minimal flight hours are expended for each test program. Further, tests are not restricted due to aircraft endurance. Test programs are shortened and substantial flight costs avoided.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? LAMPS operations are transitioning to a littoral environment. New mission areas are evolving and ship/air mission systems interface requirements are being redefined. Contemporary operations are emphasizing joint interoperability. Equipment is transitioning to network based COTS mission systems. The Navy has placed FFG-7 and DD-963 class ships in caretaker status. Their combat systems, resident in the SGS, use point-to-point interfaces that are not compatible with network based systems. Legacy platforms and systems are being maintained at the status quo. They will be retired as post-2000 era ships and air platforms are introduced. As a result, integrated ship/air mission systems interface requirements and corresponding support requirements are evolving and changing rapidly. Their T&E needs must be accommodated. In order to accommodate T&E of new, network based COTS integrated ship/air mission systems and their associated interfaces planned for FY02 and beyond, a combat system upgrade is required at the SGS. Baseline 7 is the backbone of post-2000 AEGIS and SC-21 ships combat systems. A Baseline 7 acquisition provides the SGS an open, expandable architecture system that permits integration of additional ship/air mission systems at low cost [e.g., Cooperative Engagement Capability (CEC), Common High Bandwidth Data Link (CHBDL), Link 16]. With Baseline 7, integrated ship/air mission systems T&E support can be provided for all NAWCAD Patuxent River platforms. Besides meeting immediate needs, selection of the Baseline 7 system positions the SGS for continuing upgrades at minimum cost and impact.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? There is only one alternative - conduct tests elsewhere. The Present Method reflects costs based on the fact that not upgrading the SGS would require deploying the technical test team members and essential equipment to other sites to perform required flight tests; e.g., Wallops Island, VA or Moorestown, NJ. It is a very conservative estimate based on support requirements for ship/air mission systems in life cycle maintenance. Only 25% SGS usage is reflected and major T&E programs are not addressed. When testing at other sites, scientific control of ship/air mission systems equipment is difficult to maintain and test periods require lengthening to ensure adequate system grooming with assets provided from disparate activities. Tests that would normally be conducted using the SGS and a collocated NAWCAD helo in the hangar necessitate use of an airborne helo at any other test site. A requirement for redundant systems would be established. Scheduling would always require coordination between at least two (2) geographically displaced participants involved in multiple programs. Canceled events would be very difficult to reschedule. The risk of delaying multiple sponsors programs milestones and costs to the Navy would increase.</p> <p>4. IMPACT IF NOT ACQUIRED. All program planning has been predicated on testing on site at the SGS (Proposed Method). The increased costs associated with the Present Method assessed in question 3) represent additional unplanned costs to the Navy that are avoided with the Proposed Method for programs in life cycle maintenance. But, failure to upgrade will result in the rapid, technical obsolescence of the SGS because the Navy is phasing out the legacy systems resident in the facility. Those systems are not compatible with the network based COTS equipment on the horizon. The programs addressed in paragraph 4 above can not be supported adequately without the upgrade. Miscellaneous minor projects with anticipated revenue of \$0.5M and the current annual revenue of \$1.8 M, of which approximately 80% is funded by NAVSEA will be also lost.</p> <p>There will be a major detrimental impact to NAWCAD's ability to continue marketing technical services to customers desiring access to a modern ship combat system collocated with air assets for integrated ship/air mission systems support.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.</p>																													

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY 2001 PRESIDENT'S BUDGET																						
B. Department of the Navy/Research & Development				C. ELEC. POWER SYS CLOSED LOOP COOLING WATER 4AA1EL4440PE				D. NAWCAD Patuxent River																					
	1999			2000			2001																						
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST			0			0	1	1,200	1,200																				
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PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)																													
<p>1. DESCRIPTION & PURPOSE OF PROJECT. Cooling Water System and Additional Electrical Power to support Drivestand and Environmental Test capabilities are required to meet our present and future customer needs. Presently we have a cooling water requirement of 750 gallons per minute (gpm). NAWCAD now has available 200 gpm. The Utilities Office of Public Works (PW) says that any sustained use of water above 200 gpm would seriously impact the entire water system for this area of the Base. According to the Environmental Office at Public Works our present cooling water system is in non-compliance with the State of Maryland Environmental Regulations because our cooling water is being dumped into the storm drain which empties into the Bay. If our storm drains were connected to the sewer system then millions of gallons of water would be dumped into the already stressed sewer system. The solution to these problems is a closed-loop cooling water system. Building 1461 is now over the 100% electrical power capability for the building and by 1999 we will be over 170%. Building 1461 will need an additional 5000 amps. to meet these demands.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? Cooling Water System- The present Cooling Water System does not have the capability to provide the amount of cooling water required to cool our present Drivestand and Environmental test equipment. Electrical Power Systems Division in recent years have made substantial improvements in our testing capability to meet our customers present and future needs. These improvements have increased our cooling water and power requirements. The Federal and State of Maryland Environmental Regulations have changed governing the disposal of chlorinated water. The new regulations prohibits dumping chlorinated water into the Chesapeake Bay. A closed loop cooling water system would solve all three of our cooling water problems (1) eliminate our need for large quantities of water from potable water system, (2) insure we are in compliance with Federal and State Regulations, and (3) enable us to meet our customers present and future testing needs.</p> <p><u>Additional Electrical Power-</u> The present electrical power supplied to Building 1461, based on recent PW survey, is exceeding 100% of total capability and by 1999 will be over 170%. An additional 5000 amps will meet these demands including the Closed Loop Cooling Water System.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? 1) NAWCAD could apply for a Federal and State of Maryland Regulations wavier and continue to violate Environmental Regulations listed in Section 6 of this CPP request. 2) NAWCAD could operate the facilities, which would be limited by the current utilities available today. This would represent a reduced facilities utilization rate of existing and projected capabilities.</p> <p>4. IMPACT IF NOT ACQUIRED. The Electrical Power Systems Division according to the PW Environmental Office, could be forced to cease all testing requiring cooling water or be fined a maximum of \$25,000 per day of operation for non compliance. The very least that would happen if we are allowed to continue in our present mode is we would be unable to continue to support our customers in a timely manner. Due to the increased cooling water and electrical power requirements NAWCAD will be forced to schedule testing based on cooling water and electrical power availability. This would seriously reduce the number of customers we could support and increase our testing turn around time.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.</p> <p><u>Federal Environmental Regulations:</u> Clean Water Act, Section 402 National Pollutant Discharge Elimination Systems. EPA Administration Permit Program 40CFR Part 122.</p> <p><u>Maryland Environmental Regulations:</u> Code of Maryland 26.08.01</p>																													

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY 2001 PRESIDENT'S BUDGET																						
B. Department of the Navy/Research & Development				C. IMMERSIVE DESIGN OPTIMIZATION SYSTEM				D. NAWCAD Lakehurst																					
				4AB1KL4820PP																									
				1999			2000																						
				2001																									
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST			0			\$0	1	1,350	1,350																				
OPERATIONAL DATE 1-Mar-02																													
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PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)																													
<p>1. DESCRIPTION & PURPOSE OF PROJECT. The goal of this project is to optimize the design-to-manufacturing cycle of support equipment (SE) and aircraft launch and recovery equipment (ALRE) created at NAWCAD through the implementation of a dedicated interactive immerse design optimization system (IDOS) and subordinate processes. The purpose of this project is to provide an electronic environment that allows engineers to identify and test perceived critical parameters involved in the design-through-manufacturing processes to assess their impacts on the efficiency of component and assembly SE and ALRE production systems and to develop a cause and effect knowledge through the use of simulation modeling, prior to expending time and procuring raw materials. Immerse as used in this context involves all technologies and practices commonly associated with the term virtual reality (VR). The development of this project will address requirements to design, build and simulate projects and/or system designs, "virtually", under the most realistic conditions possible while reducing the necessity for manufactured prototypes.</p> <p>The critical nature of SE and ALRE products in Navy weapon systems challenges NAWCAD to apply automation technology to manufacturing processes. System modeling and simulation can pay large dividends in the engineering and manufacturing phases through the use of mathematical modeling and virtual control systems, and save money on prototype experiments. In manufacturing situations, NAWCAD engineers must make allowances for large numbers of contending facts. An expert system, such as IDOS, can help automatically navigate through the mass of facts and alternatives to a practical and efficient solution. The modeling and simulation of real events, rather than the manufacturing and testing of real materials, parts, and assemblies will help to devise improved processes and products that will benefit the fleet, while reducing overall production costs.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? In the current environment, NAWCAD engineers are unable to subject large system designs to various environmental and application conditions prior to an actual prototype being manufactured. Through the use of a robust IDOS, this method can be streamlined to provide cost reductions in manufacturing and critical time savings in the design through product implementation phases. This system will allow NAWCAD to deliver a more fully tested and reliable quality product to the fleet in a shorter time frame.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? An alternative to this proposal is to maintain the status quo, where design, manufacturing and testing are done in a physical realm. Such an alternative does not support the underlying foundation which ultimately satisfies the imperative requirement of reducing design cycle time while maintaining design precision and accuracy, minimizing overall project costs and overall product to market scenarios to which all NAWCAD projects are subject.</p> <p>4. IMPACT IF NOT ACQUIRED. If not funded, the capabilities for Lakehurst to produce quality SE and ALRE products to the fleet through the use of available technology will be compromised. Engineering, prototyping, and manufacturing costs will maintain their current level and not be reduced through the benefits derived from IDOS. Both R&D programs and NAWCAD manufacturing capabilities risk short and long term reduction in their sustaining business base in their cognizant product areas.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.</p>																													

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY 2001 PRESIDENT'S BUDGET																						
B. Department of the Navy/Research & Development				C. FIBER OPTIC TRANSMISSION EQUIPMENT				D. NAWCAD Patuxent River																					
				7AA7TL0723GR																									
1999				2000			2001																						
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST	1	1,170	1,170	1	726	726	1	450	450																				
OPERATIONAL DATE 1-Dec-01																													
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PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.) <div style="border: 1px solid black; padding: 5px;"> <p>1. DESCRIPTION & PURPOSE OF PROJECT. This submission is for a multi-year project to provide a fiber optic system throughout NAWCAD Pax River. With the current data, video, and voice cable plants at the end of their life cycle and no room for expansion, it is essential to replace those existing plants with an integrated, state of the art, fiber optic system. BRAC II and III has funded a major portion of the backbone; this submission is for the transmission equipment for buildings/areas not covered by BRAC. The emerging high bandwidth information transfer technologies supporting both project and business requirements will only run on fiber and is essential in positioning Naval Air Warfare Center, Aircraft Division (NAWCAD) at a competitive advantage in terms of attracting declining Department Of Defense (DOD) and Research and Development, Test & Evaluation (RDT&E) project dollars.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The requirement exists at the NAWCAD to support the real-time availability of scientific and laboratory simulation data such as acoustics, flight, weapons systems, and ordnance testing. To effectively share this volume of information, as well as, other general engineering and business information (generated by the 150+ local area networks spread throughout the NAS), a modern, high speed, and expandable communications infrastructure is required.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? Several alternatives have been examined for satisfying the mission needs. These include (1) maintaining the existing voice and data cable plants; (2) replacing the existing voice and data cable plants; or (3) install a high-speed outside fiber optic cable distribution system.</p> <p>4. IMPACT IF NOT ACQUIRED. If this program is not approved, non-BRAC users will not benefit from the fiber plant. They will be forced to operate on the existing, obsolete coaxial and copper plants. The base will continue to shoulder the burden of maintaining several cable plants of different technologies instead of an integrated fiber optic system.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.</p> </div>																													

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY 2001 PRESIDENT'S BUDGET																																
B. Department of the Navy/Research & Development				C. COMMUNICATION SYSTEM UPGRADE				D. CHINA LAKE																															
				7WD3TL0084GR																																			
1999				2000			2001																																
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																														
INVESTMENT COST	1	1,300	1,300	1	1,400	1,400	1	1,043	1,043																														
OPERATIONAL DATE 30-Sep-01																																							
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PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)																																							
1. DESCRIPTION & PURPOSE OF PROJECT.																																							
This project encompasses the corporate backbone data communications system for NAWCWPNS at the China Lake and Point Mugu sites. The purpose of the project is to upgrade the data carrying capacity and reliability of the system at specifically targeted segments which have either a rapidly growing demand or have particularly low capacity for their users. The introduction of current end equipment and infrastructure technology will modernize these segments enabling them to carry the high capacity application programs users are requiring to perform in the multi-site, Competency Aligned Organization (CAO). The data communication efforts identified for improvement include the integration of the WD net architecture with Western Test Range Complex network, Campus upgrades, some large building Local Area Network (LAN) upgrades, Consolidation of Long Haul Circuits, NAVAIR Wide Area Network (NAVWAN). All of these segments interrelate to create a single communications system.																																							
1.1 SPECIFIC TASKS FY-2001																																							
NAWCWPNS Information Management Department (IMD) will be replacing the internal WANs (Geo-Site to Geo-Site) obsolete equipment that is comprised of Rockwell Collins DML-45 T-1/T-3 service. The Fiber project will replace the copper that will allow for the equipment to be upgraded. Another Project will be the removal of the traditional Routers to Layer Three based switching equipment across the NAWCWPNS Backbone/s. FY 2001 plans will be approximately 50% Layer Three switching and approximately 50% DML-45 replacements.																																							
2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?																																							
Many of the segments are running on technology that is many years old. This results in inefficient use of the fiber optic infrastructure currently in place and increased operations labor necessary to maintain and troubleshoot the system. The introduction of new, bandwidth intensive applications running over the communications system has also stretched the current system to its limits creating errors and delays in service. These delays and errors reduce the productivity of the majority of the workforce at NAWCWPNS.																																							
3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?																																							
The other alternatives are:																																							
1) Do nothing and live with the continuing reduction in capabilities and operations labor costs as new applications are added to the network.																																							
2) Do nothing and limit the introduction of new applications on the network thus slowing the degradation of data communications performance.																																							
3) Choose a different mix of segments to upgrade.																																							
Numbers 1 & 2 were eliminated due to the increased pressure on IT systems in today's CAO and business environment. Number 3 was eliminated since the selection of those segments funded by this project were arrived at through a customer prioritization process.																																							
4. IMPACT IF NOT ACQUIRED.																																							
Without replacement equipment the existing network will begin failing piece by piece. Without new equipment many new requests for network connectivity due to consolidation, moves, new construction or new performance requirements will not be accomplished. Network bottlenecks will be created due to higher levels of usage saturating the existing network capacity causing severe throughput degradation. This network has become a critical communications tool not only for China Lake/Point Mugu personnel, but also in their communication and data transfer with other NAWC/NAVAIR sites.																																							
5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT																																							
Not applicable																																							

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY 2001 PRESIDENT'S BUDGET																						
B. Department of the Navy/Research & Development/Air Warfare Center				C. OPTICAL REMOTE PHONE SWITCH MODULE 7AA1TL7231GR				D. Patuxent River																					
	1999			2000			2001																						
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST			0			0	1	1,450	1,450																				
OPERATIONAL DATE 1-Feb-01																													
<table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:25%;">METRICS:</td> <td style="width:25%; text-align: right;">AVOIDANCE</td> <td style="width:25%; text-align: right;">SAVINGS</td> <td style="width:25%; text-align: right;">TOTAL</td> </tr> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td style="text-align: right;">\$1,283,512</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$1,283,512</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td style="text-align: right;">\$788,663</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$788,663</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td style="text-align: right;">1.3</td> <td style="text-align: right;">#DIV/0!</td> <td style="text-align: right;">1.3</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td style="text-align: right;">54%</td> <td style="text-align: right;">0%</td> <td style="text-align: right;">54%</td> </tr> </table>										METRICS:	AVOIDANCE	SAVINGS	TOTAL	PROJECTED ANNUAL SAVINGS	\$1,283,512	\$0	\$1,283,512	AVERAGE ANNUAL SAVINGS (Discounted)	\$788,663	\$0	\$788,663	PAYBACK PERIOD	1.3	#DIV/0!	1.3	RATE OF RETURN (ROR)	54%	0%	54%
METRICS:	AVOIDANCE	SAVINGS	TOTAL																										
PROJECTED ANNUAL SAVINGS	\$1,283,512	\$0	\$1,283,512																										
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PAYBACK PERIOD	1.3	#DIV/0!	1.3																										
RATE OF RETURN (ROR)	54%	0%	54%																										
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)																													
<p>1. DESCRIPTION & PURPOSE OF PROJECT. This is a 3200 line optical remote module that will support integrated services digital networking and analog service to NAWCAD St. Inigoes. This optical remote module is needed to support the mission of the personnel located in St. Inigoes for voice and data services and to achieve continuity between Patuxent River and St. Inigoes.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The existing St. Inigoes switch is not monitored 24 hours a day, seven days a week. With an Optical Remote Module (ORM) installation, 24 hour coverage would be achieved. Additionally, the personnel of St. Inigoes would benefit by having remote maintenance capability to ensure minimal down time. With the constant growth at St. Inigoes and demands placed on the technicians, the ORM would be monitored along with the Patuxent River switch and this would allow additional time for the technicians to provide more customer service. By installing an optical remote module at St. Inigoes, voice mail services, Integrated Services Digital Network (ISDN) and network management services would be provided through the existing Patuxent River switch.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?</p> <p style="margin-left: 20px;">1. Status quo - Telephone services are limited today and offer limited future growth.</p> <p style="margin-left: 20px;">2. An upgrade to, or replacement of, the existing switch would incur major expenses.</p> <p>4. IMPACT IF NOT ACQUIRED. Limited voice and data services to customers in St. Inigoes with minimal future growth. Life cycle with the existing switch would be met in the immediate future. Escalating costs would be experienced with future maintenance requirements. Additionally, a lack of continuity with Patuxent River and St. Inigoes switches would be present.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.</p>																													

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)						A. FY 2001 PRESIDENT'S BUDGET																																	
B. Department of the Navy/Research & Development					C. NETWORK CENTRIC WARFARE IMPLEMENTATION <div style="text-align: right;">400DL0002PR</div>				D. NAWC																														
	1999			2000			2001																																
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																														
NAWC-AD INVESTMENT COST						2,832			2,843																														
NAWC-WD INVESTMENT COST						2,768			2,907																														
INVESTMENT COST TOTAL			0	1	5,600	5,600	1	5,750	5,750																														
OPERATIONAL DATE 1-Sep-01 METRICS: <table style="width:100%; border-collapse: collapse;"> <tr> <th></th> <th style="text-align: right;">NAWC-AD</th> <th style="text-align: right;">NAWC-WD</th> <th style="text-align: right;">AVOIDANCE</th> <th style="text-align: right;">SAVINGS</th> <th style="text-align: right;">TOTAL</th> </tr> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td style="text-align: right;">\$6,412,500</td> <td style="text-align: right;">\$6,412,500</td> <td style="text-align: right;">\$12,825,000</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$12,825,000</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td style="text-align: right;">\$3,940,204</td> <td style="text-align: right;">\$3,940,204</td> <td style="text-align: right;">\$7,880,407</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$7,880,407</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td></td> <td></td> <td style="text-align: right;">1.0</td> <td style="text-align: right;">#DIV/0!</td> <td style="text-align: right;">1.0</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td></td> <td></td> <td style="text-align: right;">69%</td> <td style="text-align: right;">0%</td> <td style="text-align: right;">69%</td> </tr> </table>											NAWC-AD	NAWC-WD	AVOIDANCE	SAVINGS	TOTAL	PROJECTED ANNUAL SAVINGS	\$6,412,500	\$6,412,500	\$12,825,000	\$0	\$12,825,000	AVERAGE ANNUAL SAVINGS (Discounted)	\$3,940,204	\$3,940,204	\$7,880,407	\$0	\$7,880,407	PAYBACK PERIOD			1.0	#DIV/0!	1.0	RATE OF RETURN (ROR)			69%	0%	69%
	NAWC-AD	NAWC-WD	AVOIDANCE	SAVINGS	TOTAL																																		
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PAYBACK PERIOD			1.0	#DIV/0!	1.0																																		
RATE OF RETURN (ROR)			69%	0%	69%																																		
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.) <div style="margin-top: 10px;"> 1. DESCRIPTION & PURPOSE OF PROJECT. The Network Centric Warfare (NCW) Research, Development, Test, and Evaluation (RDT&E) program will develop an Enterprise Federation of interconnected facilities that will utilize the following: a common scheduling tool, interoperable models, and a common network that will support effected RDT&E programs. The federation will consist of nine facilities. NWCF facilities include the P-3 Software Support Laboratory, the E-2C Laboratory, the Integrated Battlespace Arena Improvements (IBAR), F-14 WSSA and F/A-18 WSSA. MRTFB facilities include the Atlantic Test Range, the Aircombat Environmental Test and Evaluation Facility (ACETEF), Land Range and the BMIC Facility. MRTFB facilities implementation is funded by MRTFB Investment Account. </div> <div style="margin-top: 10px;"> 2. The NAVAIR NCW facility integration project will provide a capability that can only be replicated by expensive operations with live forces operating in their intended operational scenarios. This type of testing continues not only to be expensive, but also does not provide the necessary data to adequately develop and trouble shoot interoperable systems. The NAVAIR NCW facility integration will complement efforts at NAVSEA and other joint efforts to provide a true Joint interoperability test and RDT&E capability. Estimates of utilization will run about 30 days per year. This is a conservative estimate because this technology is relatively new. However, the utilization is expected to increase. Even with the relatively low initial utilization the potential positive impacts to programs that must interoperate with the Battle Group and other joint forces is significant. </div> <div style="margin-top: 10px;"> 3. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The fleet is experiencing interoperability problems that are preventing the battle groups from deploying on schedule. The NAVAIR assets contributing to interoperability include more than 15 platforms and more than 12 independent communications/data link systems. Today's RDT&E infrastructure and processes do not support the current interoperability requirements of the fleet, creating a need for more efficient RDT&E processes, i.e., cost, schedule, productivity, quality and performance capabilities. </div> <div style="margin-top: 10px;"> 4. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? The only alternative considered was the status quo of continuing complex interoperability testing through the use of large force deployments. This will result in the testing being three times more expensive as compared to using the NCW RDT&E Network. </div> <div style="margin-top: 10px;"> 5. IMPACT IF NOT ACQUIRED. Interoperable solutions will not be provided to the fleet at IOC. Significant costs will be accrued due to engineering fixes late in the development and into the deployment cycle. Fleet experimentation will not experience the ability to use advanced technologies available at the NAVAIR Facilities. </div> <div style="margin-top: 10px;"> 6. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable. </div>																																							

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)						A. FY 2001 PRESIDENT'S BUDGET			
B. Department of the Navy/Research & Development				C. ENTERPRISE RESOURCE PLANNING (ERP)				D. NAWC	
				7N0DL0001GR					
				1999			2000		
				2001					
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
NAWC-AD							1	10,000	10,000
NAWC-WD							1	2,000	2,000
SUBTOTAL NAWC							2	12,000	12,000

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT: As the Navy embarks on the Revolution in Business Affairs initiatives, Enterprise Resource Planning (ERP) is the strategic initiative chosen by the Department of Navy's Working Group (WG) on Commercial Business Practices (CBP). As a result of the decisions of the CBP WG the Naval Aviation Systems TEAM (TEAM) will reengineer and standardize processes, integrate operations and data to increase productivity, and optimize supply chain management. The Naval Air Systems TEAM (TEAM) intends to manage ERP as a corporate project with constituent parts. Proposed allocation are based on an evolving program plan. Multiple ERP pilots are planned throughout the Navy with functionality determined by the scope of each pilot. Per the CBA WG each ERP pilot will be funded by that WG member's organization. This submission is for a multi-year, Externally Developed Software (EDS) project which will integrate business processes and tools in the areas of finance, purchasing, and material management. Savings and cost avoidances from ERP will begin after implementation.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVES THE DEFICIENCY/PROBLEM: Throughout the TEAM there are numerous, independent, stand-alone information systems supporting multiple, inconsistent processes. Data is not timely and is difficult to consolidate. Many systems track similar data without a common data format. No single system does it all (planning, budgeting, executing). System interfaces are inconsistent, non-standard, and rely upon manual intervention. At the core of an ERP system is a central database that draws data from and feeds data into a series of applications supporting diverse functions. It will automate manual processes, drastically reduce data reconciliation, and improve the quality of information available to decision makers. ERP will assist in providing end-to-end capability, in enabling consistent and reliable information on cost and performance, and in integrating business processes to optimize results across the TEAM.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED: The CBP WG under the auspices of Department of Navy's (DON's) Revolution in Business Affairs was tasked to focus on Commercial Financial Practices and best of breed business solutions. The CBP WG received in-depth briefings from industry, fleet representatives, defense agencies, and other government agencies. NASA's Deputy CFO and DOE's Deputy Comptroller also briefed the WG on how they were able to attain clean financial statements. Of all the alternatives briefed and considering all the data provided, the members were unanimous in concluding that the best solution to business practices would be realized through ERP solution.

4. IMPACT IF NOT ACQUIRED: The TEAM would have to continue business as usual and could not achieve gains in productivity through reengineered processes and integrated information to managers without ERP. The TEAM would be unable to manage costs for maximum reallocation of savings for the recapitalization and modernization of Naval aviation. If ERP is funded the, the ERP will assist other systems in becoming compliant with statutory requirements, the Government Management Reform Act (GMRA), the Government Performance and Results Act (GPRA), and the Chief Financial Office (CFO) Act. Through ERP the TEAM can maintain fewer systems, through increased productivity and cost avoidance.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY 2001 PRESIDENT'S BUDGET			
B. Department of the Navy/Research & Development/Air Warfare Center				C. EQUIPMENT, OTHER THAN ADPE & TELECOM (<\$1M)				D. NAWC		
				NNEU0000						
		1999		2000			2001			
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	
TOTAL INVESTMENT COST		31	VAR	8,699	25	VAR	7,856	18	VAR	5,997
ITEM	ITEM									
LINE #	DESCRIPTION			FY 1999		FY 2000		FY 2001		
4AA9EM4410PR	Unmanned Air Vehicle Altitude Facility Upgrade		1	600						
4AA9EM4641PN	Environmental Physiology and Perf. Fac.		2	540						
4AA8EM4611PP	Dynamic Crew System Integration Eval. Facility		3	505						
4AA0EM4554PP	Advanced Acoustics Processing System				1	900				
4AA1EM4555PN	High Speed Data Acquisition System						1	729		
4WD9EM8002PP	Surface Analysis Initiative		1	811						
4WD0EM0104PR	Chemical Analysis Recapitalization				1	580	1	400		
4WD0EM9104PR	Energetics Material Equipment Modernization				2	400	2	500		
4WD1EM0106PP	P-407 Collateral Equipment						3	950		
W ES0000	Subtotal WPNSDIV Equip-other than ADPE & TELECOM (<\$.5M)		27	6,243	22	5,976	14	3,418		
TOTAL NAWC EQUIPMENT, OTHER THAN ADPE & TELECOM (<\$1M)			31	8,699	25	7,856	18	5,997		

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY 2001 PRESIDENT'S BUDGET		
B. Department of the Navy/Research & Development/Air Warfare Center				C. MINOR CONSTRUCTION (<\$1M)				D. NAWC	
				NNMC0000					
				1999		2000		2001	
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
TOTAL INVESTMENT COST	6	VAR	1,711	8	VAR	2,288	6	VAR	2,110
ITEM	ITEM								
LINE #	DESCRIPTION		FY 1999	FY 2000		FY 2001			
7AA9MC0000G0	SIOH for Minor Construction		1	51		1	85		
8AB9MC0000GS	Hazardous Material Facility		2	400					
8AA9MC0000GC	Addition Building 8225		3	360					
4AA0MC0000PC	Addition to Building 2060					2	499		
8AA0MC0000GC	A/C Refueler Admin./Maint. Facility					3	386		
8AA0MC0000GS	Shaw/Tate Road Intersection Improvements					4	250		
8AA1MC0000GS	Buse Road Widening to Four Lanes						1		450
8WD8MCSY0HGC	SIOH & Design Costs (Prior Years)					1	78		150
8WD9MC0039GC	Replacement for Building 2336		1	470					
8WD9MC3119GC	Test Site Power Distribution at WSL		2	300					
8WD8MC5037GC	Emergency Waste Water Basin		3	130					
8WD0MC3100GC	Jet Engine Shop Weapons Survivability Lab					2	450		
8WD0MC0488GC	Secure Machine Materials Fabrication Facility					3	300		
8WD0MC3169GC	Water Line WSL					4	240		
8WD1MC0310GC	Aircraft Sunshades/Shelters						2		400
8WD0MC0008GC	Extend Power to Wells 30 and 31						3		400
8WD1MC0267GC	Loop Natural Gas Line						4		360
8WD1MC0379GC	Police Building Expansion						5		350
TOTAL NAWC MINOR CONSTRUCTION			6	1,711	8	2,288	6	2,110	

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY 2001 PRESIDENT'S BUDGET		
B. Department of the Navy/Research & Development/Air Warfare Center				C. ADPE & TELECOMMUNICATIONS (<\$1M)				D. NAWC	
				NNKU0000					
	1999			2000			2001		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
TOTAL INVESTMENT COST	13	VAR	4,681	13	VAR	4,083	13	VAR	4,930
ITEM	ITEM								
LINE #	DESCRIPTION		FY 1999		FY 2000		FY 2001		
8AA8TM81D0GR	Premises Distribution	1	375	1	375	1	375		
8AA9KM8013GN	CAD II	2	250						
7AA0TM7231GR	Telecommunications Management Sys for the 5ESS			2	517				
4AB0TM4820PR	OC-12 High Speed Data Simulation Network Backbone			3	500				
8AA1KM8026GN	E-911 Emergency Response Enhancements					2	648		
4AA1KM4130PN	Mission Platform Adaptable Simulation					3	574		
4WD7KM6171PR	Rapid Prototyping Env for Real/Time Sys	1	800						
8WD9KM9101GR	Y2K Compliant Fire and Security Alarms Replacement	2	803						
7WD8TM8006GR	Fiber Optic Branching	3	500			1	707		
4WD0TM9108PR	Avionics Department Virtual Network (V-Net)			1	400	2	630		
W KS0000	Subtotal Equip - ADPE & TELECOM (<\$.5M)	8	1,953	9	2291	8	1996		
TOTAL NAWC ADPE & TELECOMMUNICATIONS (<\$1M)		13	4,681	13	4,083	13	4,930		

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY 2001 PRESIDENT'S BUDGET																																										
B. Department of the Navy/Research & Development/Air Warfare Center				C. SOFTWARE DEVELOPMENT (<\$1M)				D. NAWC																																									
				NNDU0000																																													
		1999		2000			2001																																										
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																																								
TOTAL INVESTMENT COST	1	VAR	375																																														
<table border="0"> <tr> <td>ITEM</td> <td>ITEM</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>LINE #</td> <td>DESCRIPTION</td> <td></td> <td>FY 1999</td> <td>FY 2000</td> <td>FY 2001</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>ADS0000</td> <td>Subtotal ACDIV - SOFTWARE DEVELOPMENT (<\$.5M)</td> <td>1</td> <td>375</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="2">TOTAL NAWC SOFTWARE DEVELOPMENT (<\$1M)</td> <td>1</td> <td>375</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td></td> <td></td> </tr> </table>										ITEM	ITEM									LINE #	DESCRIPTION		FY 1999	FY 2000	FY 2001					ADS0000	Subtotal ACDIV - SOFTWARE DEVELOPMENT (<\$.5M)	1	375							TOTAL NAWC SOFTWARE DEVELOPMENT (<\$1M)		1	375	0	0	0	0		
ITEM	ITEM																																																
LINE #	DESCRIPTION		FY 1999	FY 2000	FY 2001																																												
ADS0000	Subtotal ACDIV - SOFTWARE DEVELOPMENT (<\$.5M)	1	375																																														
TOTAL NAWC SOFTWARE DEVELOPMENT (<\$1M)		1	375	0	0	0	0																																										

DEPARTMENT OF THE NAVY - NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT - AIR WARFARE CENTER
CAPITAL BUDGET EXECUTION
(DOLLARS IN MILLIONS)
FY 2000

ITEM LINE #	ITEM DESCRIPTION						Original Request	Change	Revised Request	Classification of Change	Explanation/Reason for Change
1a. EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)										Moved 	

DEPARTMENT OF THE NAVY - NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT - AIR WARFARE CENTER
CAPITAL BUDGET EXECUTION
(DOLLARS IN MILLIONS)
FY 2000

ITEM LINE #	ITEM DESCRIPTION					Original Request	Change	Revised Request	Classification of Change	Explanation/Reason for Change
1a. ADPE & TELECOMMUNICATIONS (>\$1M) Computer Hardware (Production)										
7 AA	9 KL	7211	G	R	DESKTOP SYSTEMS TECHNOLOGY REPLACEMENT	3.000	(2.700)	.300	Deferral	Deferred to FY02 due to management priority decisions and a portion of the project authority was transferred to accommodate the new BPR Initiative line item, Network Centric Warfare Implementation.
7 AA	0 KL	7222	G	R	DATA WAREHOUSE	2.090		2.090		
7 AB	0 TL	7240	G	N	EXTENSION OF FIBER OPTIC/UTP INFRASTRUCTURE	1.528	.151	1.679	Price Increase	The contract estimate increased by .151 to cover inflationary factors. Authority was received from 8AA0MC0000GS Building 310 Alterations (.001), 4AA0ES4512PP Advanced Wireless Network Analyzer Tools (.050), and 7AA9KS0000GR Equipment Installation (.050).
7 WD	3 TL	0084	G	R	COMMUNICATION SYSTEM UPGRADE	1.400	.000	1.400		
7 AA	7 TL	0723	G	R	FIBER OPTIC TRANSMISSION EQUIPMENT		.726	.726	New	Authority received from 7AB0KM7212GN Photographic Processing System. Phase two of a multi-year project. The additional funding is required to convert an additional 75 buildings from broadband to fiber. The original submission was intended to convert only the most populated buildings on the base.
SUBTOTAL ADPE & TELECOMMUNICATIONS (>\$1M)						8.018	(1.823)	6.195		
NN	KU	0000			1b. ADPE & TELECOMMUNICATIONS (<\$1M)	5.103	(1.020)	4.083		
2. TOTAL ADPE & TELECOMMUNICATIONS						13.121	(2.843)	10.278		
NN	8 DL	0000	G		3a. SUBTOTAL SOFTWARE DEVELOPMENT (>\$1M) DIFMS/NIMMS IMPLEMENTATION / OSE REENGINEERING	.834	3.866	4.700	PY Proj	AD--Authority was transferred from line items 4AA0ES4512PP (.150), 8AA0MC0000C (.100), and 8AA0MC0000S (.099). This increase covers additional requirements not originally known in the first submission. Our Implementation was delayed until October 1999 and this has created a cost growth in the project. WD--Authority was transferred from \$192K Extend Power to Wells 30 & 31. \$211 from CESE & MHE ES 8003, \$190 from Energetic Materials Analysis, \$100 from Target Storage Shed, \$2,823K additional authority for WD.
NN	DL	0002			NETWORK CENTRIC WARFARE IMPLEMENTATION (BPR)		5.600	5.600	New	AD & WD--New BPR requirement.
3a. SUBTOTAL SOFTWARE DEVELOPMENT (>\$1M)						.834	9.466	10.300		
NN	DU	0000			3b. SUBTOTAL SOFTWARE DEVELOPMENT (<\$1M)	.000	.000	.000		
3. TOTAL SOFTWARE DEVELOPMENT						.834	9.466	10.300		
TOTAL ADP CAPITAL PURCHASES PROGRAM						13.955	6.623	20.578		
GRAND TOTAL CAPITAL PURCHASES PROGRAM						30.428	2.323	32.751		

FY 2000
FUND-9D

**FY 2001 PRESIDENT'S BUDGET
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL SURFACE WARFARE CENTER**

INTRODUCTION

The Naval Surface Warfare Center (NSWC) was established on 2 January 1992 with the following mission: "To operate the Navy's full spectrum research, development, test and evaluation, engineering and fleet support center for ship hull, mechanical, and electrical systems, surface combat systems, coastal warfare systems, and other offensive and defensive systems associated with surface warfare."

CENTER OVERVIEW

The Center is comprised of six operating divisions whose operations and locations are described briefly below.

CARDEROCK DIVISION. The mission of this division is to provide research, development, test and evaluation, fleet support and in service engineering for surface and undersea vehicle hull, mechanical and electrical (HM&E) systems and propulsors: provide logistics R&D and provide support to the Maritime Administration and Maritime Industry. The division has major operating sites at Carderock, MD and Philadelphia, PA with smaller operating sites at Ft. Lauderdale, FL, Memphis, TN, Norfolk, VA, Bremerton, WA, and Bayview, ID. Operations at Annapolis, MD terminated in FY 1999 in accordance with BRAC plans.

CRANE DIVISION. The mission of this division is to provide engineering and industrial support of weapons systems, subsystems, equipment and components. Primary product areas of expertise include electronic warfare, gun and gunfire control systems, microelectronics components, electronic module test and repair, microwave components, electromechanical power systems, acoustic sensors, small arms, conventional ammunition, radars, and pyrotechnics. The division has one primary operating site, Crane, IN, with a small engineering site at Fallbrook, CA.

DAHLGREN DIVISION. The mission of this division is to provide research, development, test and evaluation, engineering and fleet support for surface warfare systems, surface ship combat systems, ordnance, mines and mine counter measures, amphibious warfare systems, special warfare systems, strategic warfare systems, and diving. The division has two primary operating sites, Dahlgren, VA, and Panama City, FL.

INDIAN HEAD DIVISION. The mission of this division is to provide technical capabilities in energetics for all warfare centers and to provide special weapons, explosive safety and ordnance environmental support to all warfare centers, the military departments and ordnance industry. The primary site of operations is Indian Head, MD, with smaller operations at Yorktown, VA and MacAlester, OK, Earle, NJ, and Seal Beach and Concord, CA.

PORT HUENEME DIVISION. The mission of this division is to provide test and evaluation, in service engineering and integrated support for surface warfare systems, system interface, weapons systems and subsystems, unique equipment's, and related expendable ordnance of the surface fleet. The primary operating sites are Port Hueneme, CA; San Diego, CA; and Dam Neck, VA. The division also operates a small detachment in Louisville, KY.

CORONA STATION. The mission of this station is to gauge the war fighting capability of ships and aircraft, from unit to battle group level, by assessing the suitability of design, the performance of equipment and weapons, and the adequacy of training.

BUDGET HIGHLIGHTS

Revenue, Expense, and Operating Results

Current Estimate (\$ in Millions)	FY 1999	FY 2000	FY 2001
Revenue	2,647	2,309	2,278
Cost of Goods/Services	2,651	2,317	2,266
Net Operating Results	-\$4	-\$8	+\$12
Accumulated Operating Results	-\$4	-\$12	\$0

The trend in revenue and expense from year-to-year noted above reflects the Center's efforts to size itself to meet customer demand. Factors contributing to FY 2000 operating results include increased civilian pay compensation requirements, a shortfall in direct labor hours due to loss of direct workload at Indian Head Division, and a higher than budgeted Defense Finance and Accounting Service (DFAS) bill. These losses are

partially offset by projected gains due to changes in the general inflation assumptions.

The current FY 2001 estimate reflects a positive recoupment factor of \$12 million to recoup cumulative FY 2000 losses and achieve a zero Accumulated Operating Result balance.

Cost of Operations

Unit Cost

(Cost Per DLH)	FY 1999	FY 2000	FY 2001
Unit Cost	68.17	71.14	72.89

The Center's unit cost shows a gradual increase over the budget period, primarily due to increased employee compensation costs, higher DFAS reimbursement, and inflation. Nonetheless, the Center remains committed to reducing overhead and improving the value of the services we provide our customers.

Billing Rates

	FY 1999	FY 2000	FY 2001
Stabilized Rate (Average)	69.25	72.65	75.21
Rate Change		+ 4.9%	+ 3.5%

The FY 2001 average stabilized rate, like unit cost, is impacted by recoupment of increased DFAS costs and recoupment of Indian Head Division workload losses.

Capital Purchases Program (CPP)

\$ in Millions	FY 1999*	FY 2000	FY 2001
Non-ADPE	13.1	11.5	15.4
ADPE	14.3	15.0	11.5
Software	2.2	4.0	0.8
Minor Construction	3.8	5.0	5.5
Total	33.4	35.5	33.2

* FY 1999 data includes actual FY 1999 obligations and FY 1999 program authorized to be obligated in FY 2000.

The NSWC CPP program procures mission essential equipment to support a wide customer base.

Workload and Manpower Trends

Civilian Manpower

Civilian Manpower	FY 1999	FY 2000	FY 2001
End Strength	16,232	15,426	15,203
Straight Time FTE	16,301	15,529	15,163

Civilian manpower levels continue to drop in response to workload reductions, consolidations, and the closure of the Annapolis site.

SIP/VERA/RIF	FY 1999	FY 2000	FY 2001
Current Estimate	311	507	250

Productive Ratio

Productive Ratio	FY 1999	FY 2000	FY 2001
Current Estimate	71%	72%	73%

The productive ratio, a measure of direct labor effort to total labor, continues to increase throughout the budget period.

Military Manpower

	FY 1999	FY 2000	FY 2001
End Strength	268	301	260
Workyears	266	301	260

FY 2001 reflects implementation of guidance to base estimates on the average fill rate.

Workload - Direct Labor Hours (DLH)

	FY1999	FY2000	FY2001
DLHs (000)	21,196	20,402	20,023

PERFORMANCE INDICATORS

The primary performance indicator is unit cost discussed in the Unit Cost Rate paragraph above. Unit cost represents the cost of delivering goods and services and reflects very favorably on NSWC.

INDUSTRIAL BUDGET INFORMATION SYSTEM
 REVENUE and EXPENSES
 AMOUNT IN MILLIONS
 NSWC / TOTAL

(NIFRPT)

PAGE 1

	FY 1999 CON	FY 2000 CON	FY 2001 CON
Revenue:			
Gross Sales			
Operations	2,618.0	2,276.7	2,244.4
Surcharges	.1	.0	.0
Depreciation excluding Major Constructio	29.4	32.6	33.6
Other Income			
Total Income	2,647.4	2,309.3	2,278.0
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	16.0	15.8	14.3
Civilian Personnel	1,166.0	1,183.3	1,200.0
Travel and Transportation of Personnel	62.5	80.4	73.6
Material & Supplies (Internal Operations	256.2	214.6	209.2
Equipment	85.7	74.2	72.7
Other Purchases from NWCF	84.5	82.0	82.7
Transportation of Things	6.5	5.0	5.0
Depreciation - Capital	29.4	32.6	33.6
Printing and Reproduction	8.9	9.9	9.4
Advisory and Assistance Services	27.4	2.5	1.5
Rent, Communication & Utilities	47.3	43.2	43.3
Other Purchased Sevices	887.7	573.6	521.0
Total Expenses	2,678.1	2,317.0	2,266.3
Work in Process Adjustment	-25.7	.0	.0
Comp Work for Activity Reten Adjustment	-1.7	.0	.0
Cost of Goods Sold	2,650.7	2,317.0	2,266.3
Operating Result	-3.3	-7.7	11.7
Less Surcharges	-.1	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0
Net Operating Result	-3.3	-7.7	11.7
Other Changes Affecting AOR	4.1	.0	.0
Accumulated Operating Result	-4.0	-11.7	.0

**DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL SURFACE WARFARE CENTER
SOURCE OF NEW ORDERS AND REVENUE**

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
1 New Orders	2,875.3	2,226.3	2,173.4
a. Orders From DoD Components			
Department of the Navy	2,178.6	1,806.8	1,729.1
O&M, Navy	642.1	617.6	618.3
O&M, Marine Corps	32.8	15.7	16.1
O&M, Navy Reserve	6.8	4.4	4.4
O&M, Marine Corps Reserve	0.0	0.0	0.0
Aircraft Procurement, Navy	38.3	11.6	12.2
Weapons Procurement, Navy	77.9	49.7	42.5
Ammunition Procurement, Navy/MC	83.5	41.4	44.2
Shipbuilding & Conversion, Navy	303.9	275.4	271.2
Other Procurement, Navy	252.4	214.8	176.1
Procurement, Marine Corps	10.0	0.2	0.2
Family Housing, Navy/MC	7.3	7.3	7.7
RDT&E, Navy	712.6	568.3	535.8
Military Construction, Navy	1.1	0.0	0.0
Other Navy Appropriations	10.0	0.4	0.4
Other Marine Corps Appropriations	0.0	0.0	0.0
Department of the Army	36.0	35.4	31.2
O&M, Army	9.4	7.4	7.8
RDT&E, Army	7.7	4.4	2.2
Procurement, Army	13.6	5.5	7.6
Other Army	5.3	18.1	13.6
Department of the Airforce	29.3	31.4	34.7
O&M, Airforce	10.8	3.5	3.2
RDT&E, Airforce	3.3	3.6	3.8
Procurement, Airforce	14.5	2.2	2.1
Other Airforce	0.7	22.1	25.6
DoD Appropriation Accounts	229.9	154.7	173.3
Base Closure & Realignment	7.4	0.0	0.0
Operation & Maintenance Accounts	31.7	12.9	14.7
RDT&E Accounts	123.0	85.0	97.9
Procurement Accounts	36.9	32.9	35.6
DoD Other	30.9	23.8	25.0
b. Orders From NWCF Activity Groups	213.1	114.6	114.6
c. Total DoD	2,687.0	2,142.8	2,082.8
d. Other Orders	188.3	83.5	90.6
Other Federal Agencies	76.8	11.1	11.3
Foreign Military Sales	80.9	53.5	57.3
Non-Federal Agencies	30.6	18.8	22.0

DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL SURFACE WARFARE CENTER
SOURCE OF NEW ORDERS AND REVENUE

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
2 Carry-In Orders *	1,158.2	1,386.1	1,303.0
3 Total Gross Orders	4,033.5	3,612.3	3,476.5
4 Total or Gross Carry-Over**	1,386.1	1,303.0	1,198.5
5 Less Passthrough	0.0	0.0	0.0
6 Total Gross Sales	2,647.4	2,309.3	2,278.0
Adjusted Carry-Over	588.7	528.7	506.3

* FY 1999 carry-in orders adjusted by +\$0.5 million to correct error in FY 1998 ending unbilled balance at Indian Head Division.

** Carry over data before adjustments for work-in-process, BRAC, FMS, non-DoD and contractual obligations.

FY 2001 President's Budget
Department of the Navy
Naval Surface Warfare Center
Navy Working Capital Fund
Changes in Cost of Operations
(Dollars in Millions)

	TOTAL
1. FY 1999 Current Estimate	2,678.1
2. FY 2000 Estimate in FY 2000 President's Budget	2,422.1
3. Estimated Impact in FY 2000 of Actual FY 1999 Experience	
4. Pricing Adjustments	
a. FY 2000 pay raise	
1. civilian personnel	3.3
2. military personnel	0.0
b. Annualization of FY 1999 pay raise	
1. civilian personnel	0.0
2. military personnel	0.0
c. Supply management - fuel	0.0
d. Supply management - non-fuel	0.0
e. WCF price changes	0.0
f. General purchase inflation	-0.8
5. Productivity Initiatives, e.g., A-76 Outsourcing, Business Process Reengineering (BPR), Consolidation/Efficiencies, & Overhead Reductions	-10.7
6. Program Changes	
a. Workload	-124.0
b. BRAC	6.3
7. Other Changes	
a. Labor Repricing	4.8
b. SIP/VERA/RIF	0.0

FY 2001 President's Budget
Department of the Navy
Naval Surface Warfare Center
Navy Working Capital Fund
Changes in Cost of Operations
(Dollars in Millions)

	TOTAL
c. SIP Incentive (15% Tax)	1.6
d. Change in Paid Days	0.0
e. Military Cost	0.2
f. Accounting Adjustments	0.0
g. IT Budget Changes	0.0
h. Depreciation	-2.3
i. Transfers	0.0
j. Other (Specify)	
Increased DFAS Costs	9.3
Change in FECA Costs	0.2
Awards	0.9
Fair Labor Standards Act (FLSA) Settlement	1.8
Assessments	-0.2
Personnel Demonstration Project	1.2
MRP, e.g., fire suppression and protection	2.0
Privatization of Utilities Studies	1.2
8. FY 2000 Current Estimate	2,316.9
9. Pricing Adjustments	
a. FY 2001 Pay Raise	
1. Civilian Personnel	33.4
2. Military Personnel	0.5
b. Annualization of FY 2000 pay raise	
1. Civilian Personnel	13.5
2. Military Personnel	0.2
c. Supply Management - fuel	1.8
d. Supply Management - non-fuel	11.2
e. WCF price changes	3.4
f. General purchase inflation	12.6
10. Productivity Initiatives, e.g., A-76 Outsourcing, Business Process Reengineering (BPR), Consolidation/Efficiencies, & Overhead Reductions	-20.0
11. Program Changes	
a. Workload	-107.6
b. BRAC	-6.6
12. Other Changes	

FY 2001 President's Budget
Department of the Navy
Naval Surface Warfare Center
Navy Working Capital Fund
Changes in Cost of Operations
(Dollars in Millions)

	TOTAL
a. SIP/VERA/RIF	0.0
b. SIP Incentive (15% Tax)	-1.3
c. Change in Paid Days	0.9
d. Military Cost	-2.2
e. Accounting Adjustments	-0.1
f. IT Budget Changes	4.1
g. Depreciation	0.9
h. Transfers	0.0
i. Other (Specify)	
Change in FECA Costs	0.1
Awards	0.2
Fair Labor Standards Act (FLSA) Settlement	-1.0
Personnel Demonstration Project	3.9
MRP, e.g., recurring and major maintenance	2.1
Privatization of Utilities Studies	-0.6
13. FY 2001 Current Estimate	2,266.3

Business Area: Capital Budget Summary
Component: NAVAL SURFACE WARFARE CENTER
Business Area: Navy Working Capital Fund/February 2000
FY 2001 President's Budget
(\$ in Millions)

Line Num	Description	FY 1999		FY 2000		FY 2001	
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
	Non ADP						
1	Continuous Energetics Processing (Replacement)					1	4.670
2	Nitramine Drying System (Replacement)					1	3.900
3	Nitramine Precipitation System			1	3.410		
4	Modular Shock Motion Simulator (New Mission)	1	.529	1	.460	1	.475
5	Miscellaneous (Non ADP <= \$999K; >= \$500K)		1.291		2.190		.800
6	Miscellaneous (Non ADP < \$500K)		11.245		5.424		5.532
	Non ADP Total:		13.065		11.484		15.377
	ADP						
7	CDNET Modernization (Hardware)	1	2.009	1	1.900	1	1.900
8	THEATER WARFARE SYSTEMS (Hardware)	1	.877	1	.800	1	1.059
9	NETWORKS (Telecommunications Equip.)	1	.866	1	.526	1	.676
10	Littoral Battlespace Laboratory Support (Hardware)			1	.463	1	1.171
11	CLASSIFIED NETWORKS (Telecommunications Equip.)	1	.524	1	.605	1	.456

Business Area: Capital Budget Summary
Component: NAVAL SURFACE WARFARE CENTER
Business Area: Navy Working Capital Fund/February 2000
FY 2001 President's Budget
(\$ in Millions)

Line Num	Description	FY 1999		FY 2000		FY 2001	
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
12	Switched Network Infrastructure (Telecommunications Equip.)			1	.800	1	.800
13	STANDARD SYSTEMS HARDWARE (Hardware)			1	1.450		
14	Secure Networking (Telecommunications Equip.)			1	.700	1	.500
15	STRIKE WARFARE SYSTEMS INTEGRATION LABORATORY (Hardware)			1	.838	1	.300
16	CSACT (COMBAT SYSTEMS ADV CONCEPTS AND TECH) LAB (Hardware)	1	.626	1	.490		
17	SATELLITE COMMUNICATION EQUIPMENT (Hardware)	1	1.057				
18	Miscellaneous (ADP <= \$999K; >= \$500K)		4.115		1.870		1.370
19	Miscellaneous (ADP < \$500K)		4.171		4.538		3.325
	ADP Total:		14.245		14.980		11.557
	Software						
20	DIFMS (Internally Developed)	1	.697	1	2.551	1	.837
21	STANDARD SYSTEMS SOFTWARE (Internally Developed)	1	1.300	1	1.300		
22	Miscellaneous (Software < \$500K)		.250		.120		
	Software Total:		2.247		3.971		.837

Business Area: Capital Budget Summary
Component: NAVAL SURFACE WARFARE CENTER
Business Area: Navy Working Capital Fund/February 2000
FY 2001 President's Budget
(\$ in Millions)

Line Num	Description	FY 1999		FY 2000		FY 2001	
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
	Minor Construction						
23	Miscellaneous (Minor Construction <= \$999K; >= \$500K)		.596		3.202		3.320
24	Miscellaneous (Minor Construction < \$500K)		3.239		1.814		2.141
	Minor Construction Total:		3.835		5.016		5.461
	Grand Total:		33.392		35.451		33.232

Department of the Navy (Dollars in Thousands)						A. Budget Submission FY 2001 President's Budget						
B. Component/Business Area/Date Navy Working Capital Fund/February 2000				C. Line# and Description 1/Continuous Energetics Processing (Replacement)				D. Site Identification NSWC Indian Head, MD				
				FY 1999		\$000	FY 2000		\$000	FY 2001		\$000
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP										1	4,670	4,670

Narrative Justification:

Description

This project provides the necessary processing equipment for the Indian Head Division, Naval Surface Warfare Center (IHDIV) FY99 MILCON P-158 Continuous Processing Scale-up facility.

Justification

FY99 MILCON funds were appropriated for a facility to be used to scale-up continuous processing technology. This facility is to be used to develop the technology and demonstrate the benefits of a safer, lower cost, more environmental friendly process for the manufacture of energetics. The initial work for this facility will be the scale-up and transition of the process to manufacture nitramine gun propellant for the Extended Range Guided Munition (ERGM) program. The facility is a R&D capability with tremendous flexibility and will be used to develop advanced manufacturing processes for a very wide variety of advanced propellants and explosives. The processing equipment needed to make this facility operational was proposed in the FY00 CPF budget submittal.

Impact

Continuous processing is the only technology on the horizon that has the potential to improve the reproducibility of the products while reducing the safety risk, reducing waste generation and lowering the cost to operate and maintain the manufacturing capability. Next generation materials currently in R&D need this process technology. Batch processes cannot handle the demands of the new materials. Development of advanced lower cost, safer manufacturing processes for energetics such as continuous processing is core to the mission of IHDIV-NSWC. Development of this technology to reduce the cost of next generation gun propellants for Extended Range Guided Munition (ERGM) and other Navy gun system requirements are the initial beneficiaries of this technology. The acquisition of the P-158 MILCON is proceeding as planned. The project will be acquired as a design/build/turnkey facility. This acquisition approach integrates the facility and process design, construction, and startup to minimize costs and shorten the acquisition time. The contract is structured around an FY01 availability of equipment funding.

Department of the Navy (Dollars in Thousands)						A. Budget Submission FY 2001 President's Budget						
B. Component/Business Area/Date				C. Line# and Description			D. Site Identification					
Navy Working Capital Fund/February 2000				2/Nitramine Drying System (Replacement)			NSWC Indian Head, MD					
				FY 1999		\$000	FY 2000		\$000	FY 2001		\$000
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP										1	3,900	3,900

Narrative Justification:

Description
The nitramine drying system provides an efficient, safe and environmentally compliant capability to remove moisture and residual solvents from nitramine propellant feedstocks for a continuous processor used to develop and produce a family of nitramine based gun propellants and gas generants.

Justification
This equipment supports the scale-up of continuous processing technology. Currently nitramine feedstocks for the continuous process are dried in large ovens on trays. This manufacturing method produces large quantities of volatile organic compounds (VOC's) and is labor intensive. The proposed closed loop process produces a free-flowing feedstock for continuous processing. The process reduces solvent emissions by 95% and also eliminates the safety risk in the current process of grinding and mixing dry nitramines.

Impact
Continuous processing is the only technology on the horizon that has the potential to improve the reproducibility of the products while reducing the safety risk, reducing waste generation and lowering the cost to operate and maintain the manufacturing capability. Next generation materials currently in R&D need this process technology. Batch processes cannot handle the demands of the new materials. Development of advanced lower cost, safer manufacturing processes for energetics such as continuous processing is core to the mission of IHDIV-NSWC. Development of this technology to reduce the cost of next generation gun propellants for Extended Range Guided Munition (ERGM) and other Navy gun system requirements are the initial beneficiaries of this technology. This project is needed to develop manufacturing processes that assure a high quality, efficiently manufactured feedstock for the continuous process is available.

Department of the Navy (Dollars in Thousands)						A. Budget Submission FY 2001 President's Budget						
B. Component/Business Area/Date Navy Working Capital Fund/February 2000				C. Line# and Description 3/Nitramine Precipitation System (Replacement)				D. Site Identification NSWC Indian Head, MD				
				FY 1999		\$000	FY 2000		\$000	FY 2001		\$000
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP							1	3,410	3,410			

Narrative Justification:

Description

The nitramine precipitation process creates blended energetic feedstock for use by continuous processing equipment. This method eliminates dry nitramine grinding and replaces conventional ingredient preparation by combining nitramine size reduction and raw material mixing into one operation.

Justification

This equipment supports the scale-up of continuous processing technology. Currently a dry grinding process coupled with a solvent/water mixing process prepares nitramine feedstocks for the continuous process. This manufacturing method produces large quantities of waste, requires handling very sensitive dry high explosive nitramines and is labor intensive. The proposed closed loop process produces a free-flowing feedstock for continuous processing. The process reduces solvent emissions by 95% and also eliminates the safety risk in the current process of grinding and mixing dry nitramines.

Impact

This project will enable development and qualification of the continuous process for gun propellant. Continuous processing is the only technology on the horizon that has the potential to improve the reproducibility of the products while reducing the safety risk, reducing waste generation and lowering the cost to operate and maintain the manufacturing capability. Next generation materials currently in R&D need this process technology. Batch processes cannot handle the demands of the new materials. Development of advanced lower cost, safer manufacturing processes for energetics such as continuous processing is core to the mission of IHDIV-NSWC. Development of this technology to reduce the cost of next generation gun propellants for Extended Range Guided Munition (ERGM) and other Navy gun system requirements are the initial beneficiaries of this technology. Critical to the development of this advanced processing technology are innovative, clean, safe, low cost methods of preparing raw materials for the continuous process.

Department of the Navy (Dollars in Thousands)						A. Budget Submission FY 2001 President's Budget						
B. Component/Business Area/Date Navy Working Capital Fund/February 2000				C. Line# and Description 4/Modular Shock Motion Simulator (New Mission)				D. Site Identification NSWC Carderock Bethesda, MD				
				FY 1999		\$000	FY 2000		\$000	FY 2001		\$000
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP				1	529	529	1	460	460	1	475	475

Narrative Justification:

Description

This project will construct a modular electromagnetic and electromechanical shock machine which will, in a controlled manner simulate all shock, bubble pulse and whipping motions introduced in a submarine by underwater explosions at any depth which will make possible the testing and certification of shock isolation systems in a more accurate, convenient low cost, environmentally safe manner.

Justification

Modern submarines are designed with their internal equipment mounted with shock and sound isolating devices. This results in quieter more survivable systems without additional hardening of the internal equipment. Currently, the only way to adequately shock test these systems is by the use of underwater explosions. This is both cumbersome, labor and equipment intensive, inexact, environmentally damaging and dangerous. Such tests cannot be "fine tuned" to the shock isolation system's whipping motion frequencies which is a serious gap in current shock isolation testing. The modular shock motion system will allow "tailored" explosions to be simulated in the laboratory by simulating the blast induced motions without the use of explosives. All shock, bubble pulse and whipping motions and frequencies can be evaluated in a safe, low cost, convenient, environmentally friendly manner.

Impact

Failure to fund this project will result in continued reliance on underwater shock testing using underwater explosions where ever and when ever they can be performed.

Department of the Navy (Dollars in Thousands)		A. Budget Submission FY 2001 President's Budget			
B. Component/Business Area/Date Navy Working Capital Fund/February 2000		C. Line# and Description 5/Miscellaneous (Non ADP <= \$999K; >= \$500K)		D. Site Identification NA	
			FY 1999 \$000	FY 2000 \$000	FY 2001 \$000
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost	Total Cost
TOTAL COST			1,291	2,190	800
RANGE SUPPORT EQUIPMENT (Replacement) (NSWC Dahlgren, VA)			289		
ELECTRODYNAMIC VIBRATION SYSTEM (Replacement) (NSWC Crane, IN)				550	
HYPER SPECTRAL IMAGER (Replacement) (NSWC Crane, IN)			582		
Rapid Prototyping System (Productivity) (NSWC Carderock Bethesda, MD)				640	
MEMS Modular Clean Room (Replacement) (NSWC Indian Head, MD)			420	250	
Enhanced Dynamometer Power Supply (New Mission) (NSWC Carderock Bethesda, MD)				750	
RADAR TRACKING SYSTEM (Replacement) (NSWC Crane, IN)					800

Department of the Navy (Dollars in Thousands)		A. Budget Submission FY 2001 President's Budget			
B. Component/Business Area/Date Navy Working Capital Fund/February 2000		C. Line# and Description 6/Miscellaneous (Non ADP < \$500K)		D. Site Identification NA	
			FY 1999 \$000	FY 2000 \$000	FY 2001 \$000
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost	Total Cost
TOTAL COST			11,245	5,424	5,532
<p>Miscellaneous Non-ADP Projects < \$500 Thousand, e.g., Electromagnetics Testing System, Equipment for Flanking Path Acoustic Analysis, and Microwave Absorber</p>					

Department of the Navy (Dollars in Thousands)							A. Budget Submission FY 2001 President's Budget					
B. Component/Business Area/Date Navy Working Capital Fund/February 2000				C. Line# and Description 7/CDNET Modernization (Hardware)			D. Site Identification NSWC Carderock Bethesda, MD					
				FY 1999		\$000	FY 2000		\$000	FY 2001		\$000
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADP				1	2,009	2,009	1	1,900	1,900	1	1,900	1,900

Narrative Justification:

Description
The Carderock Division network (CDNET) provides Information Technology (IT) infrastructure for the connection of all information resources and data exchange within Carderock Division. It is a state-of-the-art, integrated data/audio/visual network that provides the division with seamless communications.

Justification
Carderock Division's widely separated sites necessitate a Wide Area Network (WAN) capable of providing technical and business data as well as video teleconferencing to support mission tasks. Carderock sites operate on separate Local Area Networks (LAN). CDNET will provide all Carderock sites connectivity and compatibility. Additionally Carderock Division is required to connect and be compatible with the Defense Message System (DMS), the Naval Sea Systems Command (NAVSEA) WAN, NEWNET, and the emerging business support system under the Financial Information Management System (FIMS).

Impact
Failure to fund the continuous improvement of CDNET will prevent the Division from maintaining the high speed, high bandwidth IT infrastructure that it needs to meet the data and information processing, exchange, and interconnectivity requirements imposed by its mission. It will also impact the Division's ability to interface with the Fleet IT infrastructure.

Department of the Navy (Dollars in Thousands)							A. Budget Submission FY 2001 President's Budget					
B. Component/Business Area/Date Navy Working Capital Fund/February 2000				C. Line# and Description 8/THEATER WARFARE SYSTEMS (Hardware)			D. Site Identification NSWC Dahlgren, VA					
				FY 1999		\$000	FY 2000		\$000	FY 2001		\$000
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADP				1	877	877	1	800	800	1	1,059	1,059

Narrative Justification:

Description
Theater Warfare Systems will be used to visually depict dynamic engineering concepts and will tie into Division thrusts in warfare analysis, total ship, and combat systems development. It will enable decision makers to explore various system/procurement options to evaluate the relative benefits and affordability of each in a unit/force/theater context. Theater Warfare Systems will consist of display engines networked by video switching to panel display arrays. It will include high-power computing engines with sophisticated graphical and animation capabilities as well as interactive decision-support hardware and software. This system will be networked to both local and remote nodes on a wide area network to enable participation in a variety of analytical and engineering scenarios for the development and evaluation of various weapons elements and systems.

Justification
Theater Warfare Systems provide a cohesive environment to visualize and analyze the performance of systems and their cost effectiveness in a unit/force/theater context. It will support multiple users, especially those associated with warfare analysis and system engineering, new ship and system designs. In a downsizing environment, affordability is a key component of smart procurement decisions. Acquisition decision-makers need the capability to explore procurement alternatives and quickly visualize respective decision impacts through real-time, interactive simulations of various weapons systems. Theater Warfare Systems provide these capabilities for components, ship/weapon systems, platforms, force, and theater options.

Impact
Without this capability, much more costly and disjointed methods of evaluation must continue to be used, decision-making will be less comprehensive, and the full impact of decisions will not be known.

Department of the Navy (Dollars in Thousands)						A. Budget Submission FY 2001 President's Budget						
B. Component/Business Area/Date Navy Working Capital Fund/February 2000				C. Line# and Description 9/NETWORKS (Telecommunications Equip.)				D. Site Identification NSWC Dahlgren, VA				
				FY 1999		\$000	FY 2000		\$000	FY 2001		\$000
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADP				1	866	866	1	526	526	1	676	676

Narrative Justification:

Description

NSWCDD is continuing to upgrade its communications infrastructure. A multi-year effort to install a high speed media trunking system was completed at Dahlgren in FY93. These networks serve the scientific and engineering staff as well as administrative personnel, providing access to management and scientific computing resources and permitting local area networking of research workstations. They allow the integration of distributed unclassified ADP resources. This investment is for the routers, bridges, and control systems needed to upgrade the Dahlgren unclassified network backbone.

Justification

Benefits include better use of existing resources through interconnection, widespread access to tools and computer resources, and effective access to external activities. Expanded and enhanced networks will allow scientists and engineers to work more effectively due to data sharing capability and to save time and money due to higher speed, more reliable communications. This investment is a continuation of ongoing efforts to maintain and enhance network capability standards. Efforts budgeted in FY95 were delayed to implement mandated budget reductions.

Impact

The NSWCDD network backbone is the primary means for data communication at the Dahlgren site and with off site locations (other Dahlgren Division sites, Headquarters, sponsors, etc.). Insufficient capability to transmit data at adequate quantities and speed will delay operations and increase costs exponentially.

Department of the Navy (Dollars in Thousands)							A. Budget Submission FY 2001 President's Budget					
B. Component/Business Area/Date Navy Working Capital Fund/February 2000				C. Line# and Description 10/Littoral Battlespace Laboratory Support (Hardware)			D. Site Identification NSWC Panama City, FL					
				FY 1999		\$000	FY 2000		\$000	FY 2001		\$000
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADP							1	463	463	1	1,171	1,171

Narrative Justification:

Description

These funds will be used to establish the Coastal Systems Station's (CSS) Littoral Battlespace Laboratory (LBL). The equipment purchased will include training visualization systems, real-time processors, an inertial measurement system, and a very shallow water/surf zone tracking system. Primary sponsors are the Office of Naval Research, NAVSEA, the Marine Corps and SOCOMM.

Justification

Littoral warfare is a critical mission of CSS. The LBL will integrate our ranges, laboratories, and expertise, increasing their availability to the Fleet and saving money, manpower, and time. The goals of the LBL are to enhance Fleet capability through remote real-time consultation and training, enhanced modeling, simulation, and analysis, and enhanced demonstration of advanced systems in Fleet exercises. The LBL will include the development and fielding of virtual training for organic Mine Countermeasures (MCM) elements, allowing simulated Fleet operations at CSS to be output in real-time to the individual Fleet combatants for display and action. It also will include a real-time link between the MCM Fleet elements and CSS engineers. The LBL will support new computationally demanding areas of research that include remote and virtual training, broadband acoustics and processing, computer-aided detection and classification, sensor motion compensation, visualization, surf-zone and shallow water explosion modeling, and total ship wake dynamics. The LBL will utilize the resources of the DoD's High Performance Computing Modernization Office (HPCMO) where possible.

Impact

The move toward organic MCM requires that ship officers and personnel be trained in operational use and tactics. Without the LBL, available training will be reduced. Costs to bring personnel (and ships) to a training site for initial and refresher training will be prohibitive because of the numbers of personnel and ships involved. The effect will be a loss of efficiency and effectiveness.

Department of the Navy (Dollars in Thousands)						A. Budget Submission FY 2001 President's Budget						
B. Component/Business Area/Date Navy Working Capital Fund/February 2000				C. Line# and Description 11/CLASSIFIED NETWORKS (Telecommunications Equip.)				D. Site Identification NSWC Dahlgren, VA				
				FY 1999		\$000	FY 2000		\$000	FY 2001		\$000
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADP				1	524	524	1	605	605	1	456	456

Narrative Justification:

Description

Classified Networks will provide a high speed, scalable, corporate-wide classified network backbone. This backbone will provide access to and information sharing between the scientific and engineering computer systems and modeling and simulation computing systems operating in a classified environment.

Justification

Acquisition of a classified networks backbone at the Dahlgren site begins in FY98. This will complement the existing unclassified networks backbone. In the past, Dahlgren site has tried to have the various sponsors provide the classified networks needed to support their efforts; however, this has proven to be very inefficient. Some classified networks exist within buildings and even some point-to-point connections, but these networks are seldom fully connected to each other nor can they always communicate with each other. This investment will utilize existing network infrastructure where possible (e.g., underground conduits already in place), augmented by equipment that assures the security of the data transmitted, to create a base-wide classified network that connects the scientific and engineering computer resources in the various buildings. Network backbone architecture is more cost effective than point-to-point connections between the buildings. This corporate classified network backbone will support virtually all classified programs by providing access to more computational and display capabilities that are dispersed across the base.

Impact

The lack of a corporate classified network backbone at the Dahlgren site has resulted in many hours of lost productivity due to travel to the various local computing resources, hand carrying data to various locations, duplication of equipment to mitigate the travel times, and inefficient computing technologies are used to perform the analyses. Without this investment, the inability to share information, access computing resources, and utilize new and more efficient computations methods and tools will continue to prevail within the classified community.

Department of the Navy (Dollars in Thousands)						A. Budget Submission FY 2001 President's Budget						
B. Component/Business Area/Date				C. Line# and Description			D. Site Identification					
Navy Working Capital Fund/February 2000				12/Switched Network Infrastructure (Telecommunications Equip.)			NSWC Port Hueneme, CA					
				FY 1999		\$000	FY 2000		\$000	FY 2001		\$000
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADP							1	800	800	1	800	800

Narrative Justification:

Description

High speed and high bandwidth multimedia networking devices (ATM (Asynchronous Transfer Mode) or switched ethernet) to be installed in command buildings. May include switched network interface cards to existing hubs and communications end-equipment.

Justification

This project is a phased project for FY 2000-02. It provides for the replacement of the current Local Area Network infrastructure to move towards the NAVSEA Enterprise Network Architecture and the Fleet's Information Technology 21 Systems (IT-21) requirements to communicate more effectively with the shore-base community. Failure to implement the Enterprise Network Architecture and IT-21 initiative will result in lost and/or degraded connectivity in the execution of the command's In-Service Engineering Agent functions. The network is essential in performing the command's engineering functions, such as the testing and certification of weapon systems software, among the various Engineering and Logistics departments to support the fleet. With the growing number of sophisticated engineering and logistics projects, such as the joint Pt. Hueneme/Pt. Mugu remote control of ships and fire/launch systems, JCALS/JEDMICS (Joint Computer-aided Acquisition & Logistics Support/Joint Engineering Data Management Information and Control System), and the on-line almost real-time communications to the fleet for IT-21 which require at least 100Mbps (Megabits per second) bandwidth, the command will need to provide the required bandwidth and be capable of growing with emerging projects. Continued manpower reductions will provide an even greater urgency to ensure efficient and effective electronic exchange in response to increasing customer demand.

Impact

Failure to procure the replacement of network devices will result in non-compliance with the NAVSEA Enterprise architecture and inability to comply with the Fleet's IT-21 Initiative. This will result in failed communications and inefficient processing of critical engineering projects. It will be of critical detrimental impact on the ability to make use of, and share data electronically which is imperative to fulfilling mission requirements and providing quality customer support.

Department of the Navy (Dollars in Thousands)						A. Budget Submission FY 2001 President's Budget						
B. Component/Business Area/Date Navy Working Capital Fund/February 2000				C. Line# and Description 13/STANDARD SYSTEMS HARDWARE (Hardware)			D. Site Identification Arlington, VA					
				FY 1999		\$000	FY 2000		\$000	FY 2001		\$000
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADP							1	1,450	1,450	0	0	0

Narrative Justification:

Description
NSWC has placed emphasis on consolidating the operation of its corporate hardware to run the standard functionality applications. We procured initial hardware to support the Open Systems Environment (OSE) as part of the NAVSEA Information Management Improvement Program. By the year 2000, we are planning for the natural replacement of this hardware. We will consolidate the procurement of this hardware at the Surface/NAVSEA level.

Justification

Impact
Impact of not retaining the CPP authority would be increased maintenance costs and inability to retain a standard Surface Architecture.

Department of the Navy (Dollars in Thousands)						A. Budget Submission FY 2001 President's Budget						
B. Component/Business Area/Date Navy Working Capital Fund/February 2000				C. Line# and Description 14/Secure Networking (Telecommunications Equip.)			D. Site Identification NSWC Port Hueneme, CA					
				FY 1999		\$000	FY 2000		\$000	FY 2001		\$000
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADP							1	700	700	1	500	500

Narrative Justification:

Description
Network security/intrusion protection devices, encryption devices, and communications devices.

Justification
This project is a phased project for FY 2000-02. With the growing sophistication of hackers and intrusior devices, the command needs to protect itself from intrusion and malicious attacks. This project will allow the command to be proactive in safeguarding mission critical systems and data. In addition, this project will allow mission-critical sensitive and/or classified information to flow between the command and the requiring end-user which includes NAVSEA, DoD, and the Fleet as outlined in the Information Technology 21 Systems (IT-21) initiative.

Impact
The command will be increasingly vulnerable to intrusion and malicious attacks which will result in great loss of productivity and the serious compromise of mission projects. The command will be unable to meet the fleet's requirement for the transmission of secure sensitive information on a timely basis during critical situations.

Department of the Navy (Dollars in Thousands)						A. Budget Submission FY 2001 President's Budget						
B. Component/Business Area/Date				C. Line# and Description				D. Site Identification				
Navy Working Capital Fund/February 2000				15/STRIKE WARFARE SYSTEMS INTEGRATION LABORATORY				NSWC Dahlgren, VA				
				FY 1999		\$000	FY 2000		\$000	FY 2001		\$000
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADP							1	838	838	1	300	300

Narrative Justification:

Description

The Strike Warfare Systems Integration Laboratory (SWSIL) supports the development and evaluation of strike systems through system engineering of requirements and top level system designs for future concepts using simulations and models. Strike mission planning is supported by analysis of both missile systems and advanced technology applications. Strike models are developed to be applied in end-to-end strike system analysis. These efforts support future evolutions of strike systems, including development of prototypes and supporting simulation and modeling for concept demonstration. These investments will enhance effectiveness and extend the capability of existing equipment to handle new capabilities of future systems. These investments continue the efforts begun under the Strike Warfare Prototyping Laboratory.

Justification

Upgrading the connectivity infrastructure of this high performance computing configuration will allow personnel to participate in distributed simulation exercises, advanced Strike Warfare technology and architecture studies, future system prototyping, demonstrations and high-fidelity analysis of the effectiveness of present and future strike systems such as cruise missiles and UAVs. Automation of the control suite switches used to reconfigure the laboratory equipment will be much faster and accurate than the current manual method. This equipment supports advanced system concept development and technology demonstration projects in advanced mission planning, imagery-based targeting for Strike Warfare and Naval Surface Fire support, and automated object/target recognition.

Impact

Use of existing computer assets does not provide the processing capabilities required for effective prototyping and simulation work inherent with Strike Warfare technology and architecture studies. Implementation of an automated control suite between the existing and future strike laboratories will enable automated configuration, data recording, reconfiguration and connectivity analysis which is currently accomplished manually. The new equipment will provide faster process and added capabilities, thus reducing the overall hours needed to perform a given task.

Department of the Navy (Dollars in Thousands)							A. Budget Submission FY 2001 President's Budget					
B. Component/Business Area/Date Navy Working Capital Fund/February 2000				C. Line# and Description 16/CSACT (COMBAT SYSTEMS ADV CONCEPTS AND TECH) LAB			D. Site Identification NSWC Dahlgren, VA					
				FY 1999		\$000	FY 2000		\$000	FY 2001		\$000
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADP				1	626	626	1	490	490			

Narrative Justification:

Description

Establishment of the Combat Systems Advanced Concepts and Technology (CSACT) Laboratory has combined several related yet independent thrusts into one cohesive whole, providing an integrated software development and evaluation environment. The CSACT Laboratory is comprised of two primary emphasis areas, the Combat Information Center (CIC) and the Computing Resource Center (CRC). This investment supports these efforts with the acquisition of a high-performance graphics processors, associated peripherals, high performance displays, and TAC workstations.

Justification

The Dahlgren Division lead in exploring concepts, technologies, and configurations (including manning and associated duties) with a focus on Surface Combatant 21st Century (SC21) has made the requirement for a high resolution graphics capability more urgent. This capability is required to host CIC display technology already developed, further develop and demonstrate additional concepts on information presentation and machine interaction, and be an active participant in Simulation Based Design (SBD). This equipment will be integrated into a network of workstations, high-performance graphic processors, and high-resolution and large screen displays. The interconnection of these workstations and multiprocessors provides a network which enables the evaluation of new architecture concepts, algorithms, and implementation strategies.

Impact

NSWC has lead responsibilities in guiding and developing the appropriate technologies required in the construction of all ship combat systems, such as SC21. Advanced feasibility demonstration through analysis and prototyping are critical in the pursuit of suitable technologies. Without these equipments, the core technical competency will not be developed and worse yet, will not be maintained as required for NSWC to be the leader for surface ship.

Department of the Navy (Dollars in Thousands)						A. Budget Submission FY 2001 President's Budget						
B. Component/Business Area/Date Navy Working Capital Fund/February 2000				C. Line# and Description 17/SATELLITE COMMUNICATION EQUIPMENT (Hardware)				D. Site Identification NSWC Panama City, FL				
				FY 1999		\$000	FY 2000		\$000	FY 2001		\$000
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADP				1	1,057	1,057						

Narrative Justification:

Description

The Satellite Communications Equipment is a bidirectional satellite link that will provide the Coastal Systems Station with real-time connectivity to the fleet via the Modeling & Simulation resources. It will consist of associated satellite antenna, transmitters, receivers, control displays and a digital interface to the Modeling & Simulation facility. This investment was delayed from FY98 in order to take advantage of expected technological advances in satellite communications channel equipment.

Justification

This equipment is necessary to provide direct support to the fleet for contingency missions, to support fleet training, and to participate in large scale exercises. The Coastal Systems Station must maintain a close tie with the fleet, providing support for missions and fleet training within our mission areas of Mine Warfare, Special Operations, Amphibious Warfare, and Expeditionary Warfare. This equipment will allow the Coastal Systems Station to provide this support.

Impact

The need exists for the Coastal Systems Station to maintain real-time communications with the fleet for training and simulated exercise missions. The satellite equipment will provide the Coastal Systems Station the ability to communicate in a real-time environment with the fleet.

Department of the Navy (Dollars in Thousands)		A. Budget Submission FY 2001 President's Budget			
B. Component/Business Area/Date		C. Line# and Description		D. Site Identification	
Navy Working Capital Fund/February 2000		18/Miscellaneous (ADP <= \$999K; >= \$500K)		NA	
			FY 1999 \$000	FY 2000 \$000	FY 2001 \$000
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost	Total Cost
TOTAL COST			4,115	1,870	1,370
JCALs Server Upgrade (Hardware) (NSWC Port Hueneme, CA)				350	150
NETWORK CONNECTIVITY (Hardware) (NSWC Port Hueneme, CA)			523		
EXPEDITIONARY WARFARE SHIPBOARD NETWORK (Hardware) (NSWC Panama City, FL)			322		
ENGINEERING ENVIRONMENT - ADPE (Hardware) (NSWC Dahlgren, VA)			333		
Warfare Assessment Lab Display System (Hardware) (NWSA Corona, CA)			260	200	200
LAN FIBER OPTIC SYSTEM (Hardware) (NSWC Panama City, FL)			403		
SERVER ARCHITECTURE (Hardware) (NSWC Port Hueneme, CA)			321		
STRIKE WARFARE PROTOTYPING LABORATORY (Hardware) (NSWC Dahlgren, VA)			298		
Classified Organizational Defense Messaging System (Telecommunications Equip.) (NSWC Port Hueneme, CA)				500	200
PAPERLESS ENVIRONMENT (Hardware) (NSWC Port Hueneme, CA)			287		
LAN Cabling System (Telecommunications Equip.) (NSWC Panama City, FL)				400	400
INTEGRATED SOFTWARE ENGINEERING ENVIRON (Hardware) (NSWC Dam Neck, VA)			385		
Network Operations Center (Hardware) (NSWC Dam Neck, VA)				420	420
YEAR 2000 SL-100 UPGRADE (Telecommunications Equip.) (NSWC Crane, IN)			983		

Department of the Navy (Dollars in Thousands)		A. Budget Submission FY 2001 President's Budget			
B. Component/Business Area/Date Navy Working Capital Fund/February 2000		C. Line# and Description 19/Miscellaneous (ADP < \$500K)		D. Site Identification NA	
			FY 1999 \$000	FY 2000 \$000	FY 2001 \$000
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost	Total Cost
TOTAL COST			4,171	4,538	3,325
<p>Miscellaneous ADP Projects < \$500 Thousand, e.g., Joint Engineering Data Management Information & Control System (JEDMICS) Upgrade, and Advanced Computing Systems, and Battle Force Information Center Connectivity</p>					

Department of the Navy (Dollars in Thousands)						A. Budget Submission FY 2001 President's Budget						
B. Component/Business Area/Date				C. Line# and Description				D. Site Identification				
Navy Working Capital Fund/February 2000				20/DIFMS (Internally Developed)				Arlington, VA				
				FY 1999		\$000	FY 2000		\$000	FY 2001		\$000
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Software				1	697	697	1	2,551	2,551	1	837	837

Narrative Justification:

Description

NAVAIR Industrial Financial Management System (NIFMS) was selected by DoD to be the Interim Migratory Financial System for Navy Working Capital Fund (NWCF) Research and Development (R&D) activities. During FY 98, the NIFMS Central Design Activity (CD) function and CDA personnel were transferred to Defense Financial Accounting Service (DFAS), and the name was changed to Defense Industrial Financial Management System (DIFMS). NSWC has/continues to place emphasis on being a positive team member on standardization of this designated financial system. However, implementing DIFMS is a very labor intensive effort on the part of both the CDA and specific division functional and Information Technology (IT) personnel. The draft schedule encompasses a one year time frame. Surface is forced to redo data mapping, conversion, etc procedures as we move from division to division as there are currently five different financial systems implemented within the Command.

Justification

Surface started the pilot project in October 1997. However, subsequent schedule delays have forced significant cost increases to get this system implemented. Each time DIFMS CDA stops and restarts within a Surface division, this results in a loss of momentum and re-doing/re-validating of work. Current schedule calls for implementation at Carderock and Crane in FY 2000 and implementation at NWAS and Port Hueneme in FY 2001

Impact

The impact of not retaining this CPP authority would be the inability to continue standardization of functionality of the systems.

Department of the Navy (Dollars in Thousands)							A. Budget Submission FY 2001 President's Budget					
B. Component/Business Area/Date				C. Line# and Description 21/STANDARD SYSTEMS SOFTWARE (Internally Developed)			D. Site Identification					
Navy Working Capital Fund/February 2000							Arlington, VA					
				FY 1999		\$000	FY 2000		\$000	FY 2001		\$000
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Software				1	1,300	1,300	1	1,300	1,300			

Narrative Justification:

Description

NSWC has placed an emphasis on standardization of systems and consolidating computer operations for these systems. Essential elements in the standardization are to reduce costly, specialized Information Technology (IT) environment management, labor, asset tracking and travel. Surface's intent is to standardize internal to the Command and position ourselves for a single transition when the designated DoD system arrives. We have also positioned ourselves through the Chief Information Office (CIO) process to provide an integrated software environment to work with Program Managers to document a "single time" how a proposed DoI Standard system will impact our middle layer environment. (Middle layer how we communicate/transfer data between the standard and local environment.

Justification

NSWC places emphasis on standardization of designated DoD functional applications. Currently, we are involved with the implementation of financial, Standard Procurement System (SPS) and travel. The Key project among the three, is the implementation of the DoD interim financial system (DIFMS). We started the pilot project in October 1997. However, subsequent schedule delays have forced significant cost increases to get this system implemented. Our current project schedule for the remaining Surface sites is FY99 through FY01. We are also supporting the migration of DIFMS to the Open Systems Environment (OSE).

Impact

The impact of not retaining this CPP authority would be the inability to continue standardization of functionality of the systems.

Department of the Navy (Dollars in Thousands)		A. Budget Submission FY 2001 President's Budget			
B. Component/Business Area/Date Navy Working Capital Fund/February 2000		C. Line# and Description 22/Miscellaneous (Software < \$500K)		D. Site Identification NA	
			FY 1999 \$000	FY 2000 \$000	FY 2001 \$000
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost	Total Cost
TOTAL COST			250	120	
Miscellaneous Software Projects < \$500 Thousand					

Department of the Navy (Dollars in Thousands)		A. Budget Submission FY 2001 President's Budget			
B. Component/Business Area/Date Navy Working Capital Fund/February 2000		C. Line# and Description 23/Miscellaneous (Minor Construction <= \$999K; >= \$500K)		D. Site Identification NA	
			FY 1999 \$000	FY 2000 \$000	FY 2001 \$000
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost	Total Cost
TOTAL COST			596	3,202	3,320
FLEET T&E LAYOUT & ASSEMBLY BUILDING (NSWC Carderock Bethesda, MD)				525	
EARTH-COVERED MAGAZINE MODERNIZATION (NSWC Crane, IN)					600
UERD INSTRUMENTATION LABORATORY (NSWC Carderock Bethesda, MD)			596		
Fire Station (NSWC Panama City, FL)				827	
Nitramine Precipitation Tank House (NSWC Indian Head, MD)					900
SHOP CONSOLIDATION TO BUILDING 9 (NSWC Carderock Bethesda, MD)				900	
SYSTEMS SAFETY ADDITION (B218) (NSWC Dahlgren, VA)					900
OFFICE SPACE, BUILDING 1 (NSWC Carderock Bethesda, MD)					920
HEAVY EQUIPMENT MAINTENANCE SHOP (NSWC Crane, IN)				950	

Department of the Navy (Dollars in Thousands)		A. Budget Submission FY 2001 President's Budget			
B. Component/Business Area/Date Navy Working Capital Fund/February 2000		C. Line# and Description 24/Miscellaneous (Minor Construction < \$500K)		D. Site Identification NA	
			FY 1999 \$000	FY 2000 \$000	FY 2001 \$000
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost	Total Cost
TOTAL COST			3,239	1,814	2,141
<p>Miscellaneous Minor Construction Projects < \$500 Thousand, e.g., Water Tank & Water Main Expansion II, Water Treatment Facility, and Nitramine Drying Facility</p>					

Department of the Navy
Activity Group: R/D
Sub-Activity Group: NSWC
FY 2001 President's Budget

Line FY 00 Pres	Item FY 01 Pres	FY 2000 Project Title	FY 2000 President's	+/-	FY 2001 President's	Explanation
Non ADP						
1	4	Modular Shock Motion Simulator	0.460	0.000	0.460	No Change
2		PNC Dehydration Equipment	1.250	-1.250	0.000	Project deleted.
3	18	Warfare Assessment Lab Display	0.470	-0.470	0.000	Incorrectly submitted in the FY 2000 President's Budget as ADPE. Partially accelerated (\$260K) into FY 1999. Balance will be used to fund emergent project (Base Security System Upgrade).
	3	Nitramine Precipitation System	0.000	3.410	3.410	This processing equipment was originally submitted as part of the FY 2001 program. A high priority project, it has been accelerated into FY 2000 and offsets identified. Offsets include: PNC Dehydration Equipment, Inhibiting Process Systems, Blocking and Extrusion Press System, Upgrade Ash Removal System, Consolidation of Horizontal Mixers and the Mobile Laboratory.
4	5	Miscellaneous (Non ADPE <\$999K;>\$500K)	1.365	0.825	2.190	Increase due to: 1) Price increase: +\$25 thousand 2) Two projects realigned from Misc ADPE < \$500K and scope increased: +\$800 thousand.
5	6	Miscellaneous (Non ADPE <\$500K;>\$100K)	10.476	-5.052	5.424	Projects deferred to FY 2001 or deleted in their entirety to accommodate emergent requirements.
Non ADP Total:			14.021	-2.537	11.484	
ADP						
6	7	CDNET Modernization	0.000	1.900	1.900	FY 2000 component of this project inadvertently omitted during last year's submission.
7	8	Theater Warfare Systems	1.025	-0.225	0.800	Authority realigned to other high priority Don initiative.
8	9	Standard Systems Hardware	2.000	-0.550	1.450	Authority realigned to other high priority Don initiative.
9	9	Networks	0.526	0.000	0.526	No Change
10	11	Classified Networks	0.605	-0.063	0.542	Authority realigned to other high priority Don initiative.
11	10	Littoral Battlespace Laboratory Support	0.526	0.000	0.526	No Change

Department of the Navy
Activity Group: R/D
Sub-Activity Group: NSWC
FY 2001 President's Budget

Line FY 00 Pres	Item FY 01 Pres	FY 2000 Project Title	FY 2000 President's	+/-	FY 2001 President's	Explanation
13	16	CSACT (COMBAT SYSTEMS ADV CONCEPTS & TECH) Lab	0.540	-0.050	0.490	Authority realigned to other high priority Don initiative.
14	12	Switched Network Infrastructure	0.800	0.000	0.800	No Change
15	14	Secure Networking	0.700	0.000	0.700	No Change
16	15	Strike Warfare Systems Integration Laboratory	0.850	-0.012	0.838	Authority realigned to other high priority Don initiative.
20	18	Miscellaneous (ADPE <\$999K;>\$500K)	3.814	-1.944	1.870	Authority realigned to other high priority Don initiatives.
21	19	Miscellaneous (ADPE <\$500K;>\$100K)	4.810	-0.272	4.538	Authority realigned to other high priority Don initiatives.
ADP Total:			16.196	-1.216	14.980	
Software						
22	20	DIFMS (Internally Developed)	2.551	0.000	2.551	No Change
23	21	Standard Systems Software (Internally Developed)	1.300	0.000	1.300	No Change
24	22	Miscellaneous (Software <\$500K)	0.120	0.000	0.120	No Change
Software Total:			3.971	0.000	3.971	
Minor Construction						
25	23	Miscellaneous (Minor Construct <\$999K;>\$500K)	2.677	0.525	3.202	Fleet T&E Layout and Assembly Building moved from Misc Minor Construction <\$500K and scope increased.
26	24	Miscellaneous (Minor Construct <\$500K;>\$100K)	2.209	-0.395	1.814	Fleet T&E Layout and Assembly Building moved to Misc Minor Construction >\$500K and scope increased. Satellite Training/Conference Facility accelerated into FY 1999.
Minor Construction Total:			4.886	0.130	5.016	
Grand Total:			39.074	-3.623	35.451	

**Department of the Navy
Naval Undersea Warfare Center
FY 2001 President's Budget
Navy Working Capital Fund**

A. MISSION STATEMENT

The mission of the Naval Undersea Warfare Center (NUWC) is to operate the Navy's full spectrum research, development, test and evaluation, engineering and fleet support center for submarines, autonomous underwater systems and offensive and defensive weapon systems associated with Undersea Warfare.

B. ACTIVITY GROUP COMPOSITION

The Naval Undersea Warfare Center was established in January 1992, and is composed of two divisions, located in Newport, RI and Keyport, WA, and several detachments. The Center Management Headquarters organization is located at Newport RI.

C. BUDGET HIGHLIGHTS

1. Management Statement

The Center continues to pursue innovative ways to gain efficiencies through cost control and outsourcing, while delivering quality products and improving customer satisfaction.

2. Workload

Workload	FY 1999	FY 2000	FY 2001
New Orders \$ in Millions	\$764.3	\$691.5	\$644.8

The Center's budget has been balanced to customer workload. It should be noted that the Center experienced an increase in actual FY 1999 reimbursable funding over amounts reported in the FY 2000 President's Budget.

3. Financial Profile

\$ in Millions	FY 1999	FY 2000	FY 2001
Revenue	\$735.1	\$680.0	\$673.3
Cost of Goods/Services	\$735.7	\$686.4	\$660.2

\$ in Millions	FY 1999	FY 2000	FY 2001
Operating Results	-\$0.6	-\$6.4	\$13.1
Surcharge/Other	\$0.0	\$0.0	\$0.0
Accumulated Operating Results	-\$6.7	-\$13.1	\$0.0

Revenue and Cost of Goods/Services

Revenue and cost decline from year to year. This reflects the Center's efforts to size itself to meet anticipated customer workload.

Operating Results

NUWC achieved the FY 1999 Operating Results goal established in the FY 2000 President's Budget. The current estimate for FY 2000 operating results is -\$6.4 million. Current estimates reflect a change from the FY 2000 President's Budget; this change is primarily due to (1) reduced direct labor hours, (2) increased Defense Finance and Accounting Service (DFAS) costs and (3) payment of additional SIP costs. In FY 2001, NUWC has set its rates so as to recoup all prior year losses and achieve zero Accumulated Operating Results (AOR).

4. Manpower

Manpower	FY 1999	FY 2000	FY 2001
Civilian End Strength	4,192	3,972	3,861
Civilian Workyears	4,222	3,953	3,847
Military End Strength	32	50	50
Military Workyears	36	40	40

Civilian End Strength/Workyears

The civilian end strength and workyear decline reflects management efforts to balance workforce to workload.

Military End Strength/Workyears

Military end strength and workyears remain relatively stable over the budget period.

5. **Capital Purchase Program (CPP)**

CPP \$ in Millions	FY 1999*	FY 2000	FY 2001
Equipment	\$4.8	\$4.0	\$3.7
ADP	\$12.9	\$11.7	\$12.8
Minor Construction	\$1.6	\$1.4	\$1.3
Software Development	\$0.2	\$0.6	\$0.1
Total	\$19.5	\$17.7	\$17.9

*FY 1999 data includes actual FY 1999 obligations and FY 1999 program authorized to be obligated in FY 2000.

CPP

The FY 2000 column reflects a reduction in costs from the FY 2000 President's Budget to reflect realignment of authority to other high priority DoN initiatives.

6. **Billing Rates**

	FY 1999	FY 2000	FY 2001
Stabilized Rate (Average)	\$71.80	\$75.39	\$81.95
Billing Rate Change %	4.2%	5.0%	8.7%

Stabilized Rate

Stabilized rates reflect direct labor costs, overhead costs, and AOR recoupment. The Center will continue to pursue cost saving initiatives to keep rate increases to a minimum.

7. Unit Cost

Unit Cost	FY 1999	FY 2000	FY 2001
Stabilized Cost (\$ in Millions)	\$372.4	\$374.9	\$374.3
Direct Labor Hours (000)	5,198	4,933	4,801
Unit Cost	\$71.66	\$76.00	\$77.96

Unit Cost

Declining direct labor hours (balanced to meet projected customer workload) combined with increased fixed overhead cost impact the Center's unit cost trend over the budget period.

8. Performance Indicators

The primary performance indicator is Unit Cost, as noted above. Unit Cost (sum of direct labor and overhead cost divided by the number of direct labor hours) represents the cost of delivering goods and services.

INDUSTRIAL BUDGET INFORMATION SYSTEM
 REVENUE and EXPENSES
 AMOUNT IN MILLIONS
 NUWC / TOTAL

(NIFRPT)

PAGE 1

	FY 1999 CON	FY 2000 CON	FY 2001 CON
Revenue:			
Gross Sales			
Operations	716.7	660.2	653.0
Surcharges	.0	.0	.0
Depreciation excluding Major Constructio	18.3	19.8	20.3
Other Income			
Total Income	735.1	680.0	673.3
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	2.7	2.4	2.2
Civilian Personnel	308.5	307.5	308.5
Travel and Transportation of Personnel	20.4	17.0	16.5
Material & Supplies (Internal Operations	62.7	58.1	47.0
Equipment	19.8	19.1	17.4
Other Purchases from NWCF	44.8	46.1	44.7
Transportation of Things	2.2	2.2	2.2
Depreciation - Capital	18.3	19.8	20.3
Printing and Reproduction	2.2	2.2	2.2
Advisory and Assistance Services	.0	.0	.0
Rent, Communication & Utilities	18.6	20.0	19.6
Other Purchased Sevices	227.7	192.0	179.6
Total Expenses	728.0	686.4	660.2
Work in Process Adjustment	7.8	.0	.0
Comp Work for Activity Reten Adjustment	-.1	.0	.0
Cost of Goods Sold	735.7	686.4	660.2
Operating Result	-.6	-6.4	13.1
Less Surcharges	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0
Net Operating Result	-.6	-6.4	13.1
Other Changes Affecting AOR	.0	.0	.0
Accumulated Operating Result	-6.7	-13.1	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
Source of Revenue
AMOUNT IN MILLIONS
NUWC / TOTAL

(NIFRPT)

PAGE 1

	FY 1999 CON	FY 2000 CON	FY 2001 CON
1. New Orders	764.3	691.5	644.8
a. Orders from DoD Components	670.2	637.3	593.6
Department of the Navy	659.5	629.0	585.8
O & M, Navy	157.2	137.4	147.2
O & M, Marine Corps	.0	.0	.0
O & M, Navy Reserve	3.6	2.5	2.1
O & M, Marine Corp Reserve	.0	.0	.0
Aircraft Porcurement, Navy	6.2	3.8	2.9
Weapons Procurement, Navy	62.4	61.2	61.6
Ammunition Procurement, Navy/MC	.0	.0	.0
Shipbuilding & Conversion, Navy	77.6	67.5	63.7
Other Procurement, Navy	130.6	151.5	104.2
Procurement, Marine Corps	.0	.0	.0
Family Housing, Navy/MC	.0	.0	.0
Research, Dev., Test, & Eval., Navy	221.1	204.3	203.5
Military Construction, Navy	.0	.0	.0
Other Navy Appropriations	.0	.7	.6
Other Marine Corps Appropriations	.7	.0	.0
Department of the Army	1.0	.7	.6
Army Operation & Maintenance	.2	.0	.0
Army Res, Dev, Test, Eval	.5	.3	.3
Army Procurement	.3	.4	.3
Army Other	.0	.0	.0
Department of the Air Force	.1	.1	.1
Air Force Operation & Maintenance	.1	.1	.1
Air Force Res, Dev, Test, Eval	.0	.0	.0
Air Force Procurement	.0	.0	.0
Air Force Other	.0	.0	.0
DOD Appropriation Accounts	9.6	7.6	7.0
Base Closure & Realignment	.0	.0	.0
Operation & Maintence Accounts	.9	.4	.4
Res, Dev, Test & Eval Accounts	8.6	7.2	6.6
Procurement Accounts	.2	.0	.0
DOD Other	.0	.0	.0
b. Orders from NWCF Business Area	37.8	17.3	17.2
c. Total DoD	708.0	654.7	610.8
d. Other Orders	56.3	36.8	34.0
Other Federal Agencies	.7	.7	.6
Foreign Military Sales	43.3	28.3	26.4
Non Federal Agencies	12.3	7.8	7.1

Source of Revenue
AMOUNT IN MILLIONS
NUWC / TOTAL

	FY 1999 CON	FY 2000 CON	FY 2001 CON
2. Carry-In Orders	244.5	273.7	285.1
3. Total Gross Orders	1,008.8	965.2	929.9
4. Funded Carry-Over **	273.7	285.1	256.6
5. Less Passthrough	.0	.0	.0
6. Total Gross Sales	735.1	680.0	673.3
Adjusted Carry-Over	130.8	146.5	151.2

** Carry over data before adjustments for
work-in-process, BRAC, FMS, non-DOD and
contractual obligations.

**FY 2001 PRESIDENT'S BUDGET
NAVY WORKING CAPITAL FUND
R&D: NAVAL UNDERSEA WARFARE CENTER
FEBRUARY 2000
CHANGES IN THE COSTS OF OPERATION
(DOLLARS IN THOUSANDS)**

	<u>TOTAL EXPENSES</u>
FY 1999 Actual	727,995
FY 2000 President's Budget	709,771
Price Adjustments	
FY 2000 Pay Raise	
Civilian Personnel	849
Military Personnel	0
Annualization of FY 1999 pay raise	
Civilian Personnel	0
Military Personnel	0
Supply Management - fuel	0
Supply Management - non-fuel	0
NWCF price changes	0
General purchase inflation	(294)
Productivity Initiatives	0
Program Changes	
Workload	(14,963)
Other Changes	
SIP/VERA/RIF	1,475
Retirement Offset/SIP Incentive	554
FECA	9
Depreciation	872
Contracts	(20,209)
Materials	13,719
Other	(5,344)
FY 2000 Current Estimate	686,439

**FY 2001 PRESIDENT'S BUDGET
NAVY WORKING CAPITAL FUND
R&D: NAVAL UNDERSEA WARFARE CENTER
FEBRUARY 2000
CHANGES IN THE COSTS OF OPERATION
(DOLLARS IN THOUSANDS)**

	<u>TOTAL EXPENSES</u>
FY 2000 Current Estimate	686,439
Price Adjustments	
FY 2001 Pay Raise	
Civilian Personnel	6,340
Military Personnel	41
Annualization of FY 2000 pay raise	
Civilian Personnel	2,555
Military Personnel	14
Supply Management - fuel	23
Supply Management - non-fuel	211
NWCF price changes	971
General purchase inflation	4,843
Productivity Initiatives	
Consolidation/Efficiencies	(8,595)
Savings from CPP	(3,061)
ICC Transfer	(8)
Program Changes	
Workload	(1,781)
Other Changes	
SIP/VERA/RIF	(1,075)
Retirement Offset/SIP Incentive	(361)
FECA	73
Military	(217)
Depreciation	417
Contracts	(18,252)
Materials	(14,565)
Other	6,209
FY 2001	660,221

Working Capital Fund Capital Investment Summary
Department of the Navy
Research & Development
Naval Undersea Warfare Center
FY 2001 President's Budget
February 2000
(\$ in Millions)

LINE #	ITEM DESCRIPTION	FY 1999		FY 2000		FY 2001	
		QUANT	TOTAL COST	QUANT	TOTAL COST	QUANT	TOTAL COST
L002	1. Non ADP Equipment						
	a. Productivity (Major)						
	Intrusion Detection System	1	.284				
	Productivity Non ADP Equipment (Minor)	2	.550	2	.585	1	.270
	b. Replacement (Major)						
	Replacement Non ADP Equipment (Minor)	1	.420	1	.399	1	.380
	c. Environmental (Major)						
	L086 Transducer & Hull Array Lab Upgrade	1	.271				
L224	P-334 Collateral Equipment	1	.690				
L259	Fac for Analysis & Characterization of Transducers & Materials			1	.400	1	.663
	Environmental Non-ADP (Major) (\$500 - \$999K)	1	.403	1	.250		
	Environmental Non ADP Equipment (Minor)			2	.235	1	.115
	d. New Mission (Major)						
L087	Towed and Deployed Sensor Lab Upgrade	1	.396				
L225	Shallow Water Syn Env Eval Facility	1	1.148	1	.800	1	.926
L260	Telemetry & Fiber Optic Sensor Dev Lab			1	.500	1	.615
	New Mission Non-ADP (Major) (\$500 - \$999K)	1	.467	1	.150		
	New Mission Non ADP Equipment (Minor)	1	.198	3	.706	3	.670
	Total Non ADP Equipment	11	4.827	13	4.025	9	3.639

Working Capital Fund Capital Investment Summary
Department of the Navy
Research & Development
Naval Undersea Warfare Center
FY 2001 President's Budget
February 2000
(\$ in Millions)

LINE #	ITEM DESCRIPTION	FY 1999		FY 2000		FY 2001	
		QUANT	TOTAL COST	QUANT	TOTAL COST	QUANT	TOTAL COST
	2. ADP & Telecommunications Equipment						
	a. Other Computer & Telecommunications Support Equip (Major)						
L023	Undersea Warfare Systems Analysis Project (New Mission)	1	.220				
L097	Antenna Range Modernization (Replacement)	1	.454				
L186	Simulation Based Design (Productivity)	1	1.376	1	1.470	1	2.000
L187	Sub Sonar Dev. & Evaluation (Productivity)	1	.247	1	.300		
L193	Advanced Attack Center Test Bed (Productivity)	1	.470	1	.250		
L228	Synthetic Environmental Training Initiative (New Mission)	1	.578				
L229	Fleet Support Data Links (Productivity)	1	.700				
L231	Virtual Systems Design (New Mission)	1	1.325	1	.800	1	1.300
L232	Supportability Analysis Tools (Productivity)	1	.375				
L233	Northwest Range Ancillary Tracking (Productivity)	1	.900				
L238	Scientific & Management Computer System Upgrade (Replace	1	.927	1	.765		
L247	Integrated Display Center Upgrade (Productivity)	1	.485	1	.900	1	.250
L248	Undersea Battlespace Facility (Productivity)	1	.540	1	.567	1	.756
L249	Undersea Warfare Synthetic Environment Design System (Prod	1	1.181			1	.500
L250	WAF New Architecture (Replacement)	1	.486	1	.750	1	.315
L253	Secure Wideband Communications (Productivity)			1	.800	1	.725
L258	Real-Time Information Transfer Network (RITN) (New Mission)			1	.500	1	.500
	ADP Projects (Major) (\$500 - 999K)	2	.257	9	2.420	8	3.040
	a. Other Computer & Telecomm Support Equip Total (Min	6	2.379	5	2.121	9	3.441
	Total ADP & Telecommunication Equipment	23	12.900	24	11.643	25	12.827
	3. Software						
	a. Software (Major)						
L241	DIFMS - Newport Division	1	.158				
L242	DIFMS - Keyport Division	1	.037	1	.451		
	b. Software (Minor)			1	.154	1	.146

Working Capital Fund Capital Investment Summary
Department of the Navy
Research & Development
Naval Undersea Warfare Center
FY 2001 President's Budget
February 2000
(\$ in Millions)

LINE #	ITEM DESCRIPTION	FY 1999		FY 2000		FY 2001	
		QUANT	TOTAL COST	QUANT	TOTAL COST	QUANT	TOTAL COST
	Total Software	3	.195	2	.605	1	.146
	4. Minor Construction						
	Minor Construction (Minor)		1.592		1.415		1.297
	Total Minor Construction		1.592		1.415		1.297
	Grand Total Capital Purchase Program		19.514		17.688		17.909

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description <u>N/A</u> Productivity Non ADP Equipment (Minor)				D. Activity Identification NUWC Division, NPT/KPT		
			FY 1999		FY 2000		FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Productivity Non ADP	2		550	2		585	1		270
Narrative Justification: Projects between \$100K - \$499K <u>FY2001</u> <u>Advanced Concepts in Hull Array</u> - Provides accelerated development and at-sea evaluation of passive and active processing for the spherical array and wide aperture array (WAA). Innovative technology required to meet critical fleet needs and maintain NUWC's leadership in hull arrays processing									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description <u>N/A</u> Replacement Non ADP Equipment (Minor)				D. Activity Identification NUWC Division, NPT/KPT		
			FY 1999		FY 2000		FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Non ADP	1		420	1		399	1		380
Narrative Justification: Projects between \$100K - \$499K <u>FY2001</u> <u>Electromagnetic Compatibility Laboratory Radiated Susceptibility Upgrade</u> – Expand the electric field radiated susceptibility testing capabilities of the NUWC Code 3431 Electromagnetic Compatibility Laboratory to cover the frequency range of 1 – 40 GHz. Purchase the equipment (commercially available) required to perform radiated susceptibility testing in accordance with the requirements of MIL-STD-461D and the Virginia Class Submarine.									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description <u>L259</u> Fac for Analysis & Characterization of Transducers & Materials				D. Activity Identification NUWC Division, NPT		
	FY 1999			FY 2000			FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Trans/Materials Lab				1		400	1		663
<p>Narrative Justification:</p> <p>The Naval Undersea Warfare Center, Division Newport (NUWC DIVNPT) is responsible for work under its leadership areas of submarine and surface ship sonar systems including acoustic sensors, transducers and arrays.</p> <p>NUWC DIVNPT is the Navy's only fully integrated transducer design operation. The Facilities for the Analysis and Characterization of Transducers and Materials it used for the design and development of transducers and arrays for future sonar systems. The operation supports theoretical modeling, design, prototyping, test and analysis of sonar transducers and arrays. The transducer design operation is "cradle-to-grave;" from basic research of materials, to prototype design and evaluation, to production and fleet support.</p> <p>In order for NUWC DIVNPT to maintain its transducer technology expertise to provide the most advanced, compatible, efficient, and cost effective sensors for submarine systems of the future, this laboratory must be updated. With the rapid evolution of new computer capabilities as well as instrumentation, it is imperative that existing outdated equipment be upgraded to maintain the superior products developed for the Fleet.</p> <p>Following year funding will provide additional upgrades to synthesize/characterize ceramic transduction materials. This will foster a means for testing new ideas for improving existing materials and producing novel materials.</p>									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description <u>N/A</u> Environmental Non ADP Consolidated Projects (\$500K – \$999K)				D. Activity Identification NUWC Division, NPT/KPT		
	FY 1999			FY 2000			FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Environ Non ADP	1		403	1		250			
Narrative Justification:									
Location				FY99	FY00	FY01			
Retrofit/Replacement of Air Conditioning & Refrigeration (AC&R) Equipment				Newport	403	250			

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description <u>N/A</u> Environmental Non ADP Equipment (Minor)				D. Activity Identification NUWC Division, NPT/KPT		
	FY 1999			FY 2000			FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Environ Non ADP				2		235	1		115
<p>Narrative Justification:</p> <p><u>FY2001</u></p> <p><u>Smart Card Badge Conversion</u> – Change out RUSCO brand badge system with DoD/DoN standard smart card security system. Comply with DoD standard SEIWG-12 and smart card standards.</p>									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description <u>L225</u> Shallow Water Synthetic Environment Evaluation Facility				D. Activity Identification NUWC Division, NPT		
	FY 1999			FY 2000			FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Syn Environment Fac	1		1,148	1		800	1		926
<p>Narrative Justification:</p> <p>The Naval Undersea Warfare Center, Division Newport (NUWC DIVNPT) is responsible for the Research, Development, Test and Evaluation (RDT&E) of submarine and surface ship systems. The Shallow Water Synthetic Environment Evaluation Facility project is composed of systems to test and evaluate weapons, Unmanned Undersea Vehicles (UUV), and sonar in a synthetic shallow water environment in combination with a variety of virtual systems.</p> <p>The RDT&E of submarine and surface ship systems requires in-water tests in shallow water. Due to reductions in funding, in-water testing in shallow water has been significantly reduced due to the cost associated with conducting in-water exercises. Over the past several years, although there has been a significant decrease in the number of in-water evaluations, there has been an even greater need to Test and Evaluate (T&E) systems in a multitude of shallow water environment against various threat targets. In order to maintain the necessary levels of T&E in shallow water, but with less funding, more and more emphasis is being placed on utilization of synthetic environments and simulated systems. The Shallow Water Synthetic Environment Evaluation Facility will provide the synthetic environment and virtual systems required to support the T&E of sonar, weapons, and UUVs in a synthetic shallow water environment which would otherwise not be performed.</p>									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description <u>L260</u> Telemetry & Fiber Optic Sensor Dev Lab				D. Activity Identification NUWC Division, NPT		
			FY 1999		FY 2000		FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Telemetry & Fiber Lab				1		500	1		615
Narrative Justification: As the Navy's lead laboratory in the successful development of the first generation All Optical Towed Array (AOTA), the Telemetry and Fiber Optic Sensor Development Laboratory will expand the existing facility to support the Navy in optical array development through exploratory development efforts to advance fiber optic technology into very low cost, high channel count, small diameter arrays. Development of the optical interrogation and receiver subsystems requires extensive optical and electronic laboratory test and measurement equipment. This investment will also contribute to enhancement of NUWC DIVNPT's handling system facility which will enable NUWC DIVNPT as the Technical Design Agent/In-Service Engineering Agent (TDA/ISEA) for current submarine towed arrays and handling systems to solidify its role on current systems and enhance its expertise to support future handling systems for the Fleet. The development of very low cost, expendable small diameter towed array technology is essential to provide the Navy with an affordable towed array detection capability for use in littoral shallow water environments. Lack of funding for these optical facility improvements will severely restrict NUWC DIVNPT's ability to develop unique fiber optic technology having significant cost and size advantages over conventional array technology. In addition, the integration of towed arrays and handling systems is required to provide the Fleet with the performance and reliability mandated under submarine superiority. Lack of funding for these handling facility improvements will severely restrict NUWC DIVNPT's ability of maintaining a leadership position with respect to future handling system developments for the Navy. Lack of investment will also restrict NUWC DIVNPT in providing engineering and training services to the Fleet on existing handling systems. The incremental upgrades made during each fiscal year will provide for continuously improved capabilities in support of optical array systems development for thin-line and multi-line towed arrays. Investments also include expansion of the towed array handling system equipment resulting in consolidation and improved engineering, test and training for the Fleet. Each stage of this project will enhance the capabilities for acoustic array research and development with a fully integrated laboratory to be realized in FY 02.									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description <u>N/A</u> New Mission Non ADP Consolidated Projects (\$500K – \$999K)				D. Activity Identification NUWC Division, NPT/KPT		
	FY 1999			FY 2000			FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
New Mission Non ADP	1		467	1		150			
Narrative Justification:									
	Location			FY99	FY00	FY01			
Multistatic Active Sonar Testbed Upgrade	Newport			467	150				

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description <u>N/A</u> New Mission Non ADP Equipment (Minor)				D. Activity Identification NUWC Division, NPT/KPT		
			FY 1999		FY 2000		FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
New Mission Non ADP	1		198	3		706	3		670
Narrative Justification: Projects between \$100K - \$499K <u>FY2001</u> <u>Ling Vibration Machine</u> – The Ling Dynamic Systems (LDS) Ltd., electrodynamic vibration machine produces 35,000 force pounds, sine or random, from DC to 2,000 HZ. The machine is capable of vibration testing in two orientations, vertical and horizontal. The LDS Vibration Machine will provide the following benefits: Increased capability: The power increase and the procurement of a head expander will enable vibration testing of larger payloads. Increased efficiency: Head expander will allow automated vertical testing of large payloads currently conducted on a manually-operated vibration machine. <u>Universal Measurement System</u> – This system consists of dimensional measurement instrumentation. The dimensional instrumentation consists of a Universal Measurement Machine and Electronic Levels. Maintain certification as type II standards laboratory, enhancing the readiness and fleet support capability for DoD laboratories in the northeast region. Utilize dimensional instrumentation to provide more accurate, faster, and cost effective calibration. <u>Laser Tunnel</u> – Demonstrate proof of concept for several possible implementations of the laser acoustic sonar technology, expanding its application base. Acquire equipment to assemble the laser measurement and recording equipment. Obtain test data demonstrating operability of a new laser sensor for various applications, including: Hull mounted sensors for surface ships and submarines, (CAVES), Sonar reception for underwater supercavitating vehicles, Surface ship or airborne sensor scanning the ocean surface to detect underwater acoustic signatures and detection of buried mines.									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description <u>L186</u> Simulation Based Design				D. Activity Identification NUWC Division, NPT		
	FY 1999			FY 2000			FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
SBD	1		1,376	1		1,470	1		2,000
Narrative Justification: <p>The Simulation Based Design (SBD) project will provide the optimum architecture to support the Navy-wide mandate for enhanced modeling and simulation capabilities. The Naval Undersea Warfare Center, Division Newport (NUWC DIVNPT) will enhance its systems design and development efforts through SBD. The capabilities which will be achieved by this project include the standardization and centralization of SBD multi-tasking to improve product development with minimal labor costs. It will also standardize design parameters to optimize performance of submarine systems. SBD will also ensure NUWC DIVNPT's has the capability to stay current with the latest simulation technology needed to meet increasing demands for new applications by providing higher fidelity and increased speed.</p> <p>The capabilities which will be achieved by this project will accelerate the design process and assist with identification of optimum solutions. Initially this project will standardize input/output generation of SBD tools for submarine weapon systems and Unmanned Undersea Vehicles (UUVs) with integrated menu-driven graphical user interface of pre/post-processing. The standardization and centralization of SBD multi-tasking will improve product development and minimize in-house labor. The SBD will combine tools for analysis of fluids, structures, acoustics, trajectory, and systems performance in order to optimize and standardize submarine weapon system and UUV design and development. The SBD system will allow the integration and standardization of design ideas across the NUWC DIVNPT mission areas. This includes torpedoes, UUVs, sonar, combat control, communications and launchers.</p> <p>A SDB capability will be achieved through a phased approach initially in the weapons, UUV, and counter measure systems. Eventually, SBD will be applied in a comprehensive total submarine system approach. Following each phase of the project, a SBD capability will be achieved, with an enhanced design proficiency achieved for various submarine systems in each fiscal year.</p>									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description <u>L187</u> Submarine Sonar Development & Evaluation (SSDEC)				D. Activity Identification NUWC Division, NPT		
	FY 1999			FY 2000			FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
SSDEC	1		247	1		300			
Narrative Justification: <p>The Submarine Sonar Development and Evaluation Complex (SSDEC) is a combination of the Submarine Sonar Department's sonar simulation, stimulation, research, development, processing, and human interface technology laboratories at Naval Undersea Warfare Center, Division Newport (NUWC DIVNPT). On a secure network, SSDEC provides a cost effective capability to support acoustic undersea warfare research, acquisition, Test & Evaluation (T&E), analysis, wargaming, and training. SSDEC facilities provide support to all sponsors of tactical submarine sonar systems. SSDEC strives to provide efficient, cross program synergy for submarine sonar systems engineering by maximizing sharing of resources and expertise across projects. SSDEC facilities are responsible for developing the innovative solutions to the current acoustic superiority problems and rapidly delivering the new capabilities to the Fleet.</p> <p>Through past investments in these sonar facilities, the SSDEC has been successful in maintaining a leadership role for submarine sonar processing Research and Development (R&D), T&E and Simulation/Stimulation (SIM/STIM). In order to remain the technology leader for the Navy, SSDEC invests in new technology that is both compatible with Fleet systems and can be used across the various sonar projects. In the identification of the future needs of our sponsors and Fleet in submarine sonar processing, the focus has turned from special designed equipment to common software and Commercial-Off-The-Shelf (COTS) equipment. NAVSEA has identified a COTS based system that will be delivered to the Fleet, and as a result the SSDEC facilities will require the ability to conduct advanced sonar development and engineering on a compatible system, such that our sonar products can be delivered directly to the Fleet without any modifications or special interfaces. A phased approach has been implemented to purchase the COTS hardware in order to begin development in a timely manner to meet Fleet requirements. Over a period of the next several years an Acoustic Rapid COTS Insertion (A-RCI) processor and Advanced Development Prototype/Test Bed using Multipurpose Processing (MPP) hardware will be purchased for SSDEC. Having this Fleet equivalent system in a unique laboratory environment will provide valuable development, test, debug, and verification opportunities to support all current and projected submarine tactical systems engineering needs while ensuring products require minimal testing/rework. This will result in increased value to our customers by streamlining the transition process for rapidly delivering new technologies to the Fleet. Without CPP funding, SSDEC facilities will not be able to most effectively develop the innovative solutions to the current acoustic superiority problems and it will delay the ability of NUWC DIVNPT to rapidly deliver the new sonar capabilities to the Fleet.</p>									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description <u>L193</u> Advanced Attack Center Testbed				D. Activity Identification NUWC Division, NPT		
	FY 1999			FY 2000			FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Adv Attack Ctn Testbed	1		470	1		250			
Narrative Justification: <p>The Naval Undersea Warfare Center (NUWC) Division, Newport is responsible for research, development, test and evaluation of submarine combat systems. The ongoing evolution of submarine platforms, driven by changes in technology and mission, influence attack center size, layout, automation and staffing. The Advanced Command Center Testbed (ACCT) will act as focus for high risk/high pay-off concepts, technologies, and products by providing a full-scale environment in which to integrate, demonstrate and evaluate advanced concepts and technologies. The ACCT will support the transition from existing to advanced next-generation submarine combat system and platform designs. By integrating and demonstrating advanced technology-based concepts of operation which leverage high-risk hardware, software, display, communication, and automation technologies, the ACCT will serve as the place to create a vision of the future that can serve to support and validate long-term system evolution goals for submarine attack centers. It will also serve as a test capability for advanced technology demonstration efforts. This will reduce future transition risks and costs while ensuring that program decision makers and engineers share a common vision of long-term next-generation system upgrades and capabilities.</p> <p>The Navy must have a state-of-the-art, next-generation submarine control room with an appropriate underlying architecture and resource set. Without this type of Command, Control, Communications and Intelligence testbed, NUWCDIVNPT and hence the Navy will not be optimally equipped for the advanced concept and systems work required to evaluate and transition advanced combat systems technologies to the Fleet. During each phase of the project, systems will be operational providing an interim capability until the system is fully integrated in FY 00. Initial development will be followed by required improvements which reflect the changing technology, advanced concept designs and operational requirements.</p>									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description <u>L231</u> Virtual Systems Design				D. Activity Identification NUWC Division, NPT		
	FY 1999			FY 2000			FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Virtual Sys Design	1		1,325	1		800	1		1,300
Narrative Justification: As the Navy continues to deal with reduced budgets, more and more emphasis is being placed on our Modeling and Simulation (M&S) capabilities. In order to provide a more cost effective, inter-operable, value-added M&S suite for submarine systems, weapon systems, and Unmanned Undersea Vehicles (UUVs), the Virtual Systems Design (VSD) project will integrate capabilities that exist within the departments of the Naval Undersea Warfare Center, Division Newport (NUWC DIVNPT). The NUWC DIVNPT will enhance its systems Research, Development, Test and Evaluation (RDT&E) capabilities by implementing VSD which will support the recent Navy-wide mandate for enhanced M&S. The capabilities which will be achieved by this project will facilitate reduced acquisition and ownership costs, support an even greater degree of the "model-test-model-build" concept, and expand the M&S within the training and assessment areas. The VSD will combine tools for analysis in order to optimize and standardize submarine and weapon system RDT&E. The VSD will allow the integration and standardization of M&S across the NUWC DIVNPT mission areas. In addition, the systems will be developed with data interface considerations for connectivity not only within the Division, but also to other Navy, DOD, academic, and industry facilities.									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description <u>L238</u> Scientific & Management Computer System Upgrade				D. Activity Identification NUWC Division, NPT		
			FY 1999		FY 2000		FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Mgmt Sys Upgrad	1		927	1		765			
Narrative Justification: In order to provide the necessary scientific and management computer system resources at the Naval Undersea Warfare Center, Division Newport (NUWC DIVNPT), adequate systems must be acquired to meet both the Research, Development, Test and Evaluation (RDT&E) as well as the business resource needs. The average age of existing computer equipment is 12 years and has resulted in decreased system reliability, increased maintenance cost, decreased efficiency due to an increase in down time, and hardware/software incompatibilities. In addition the need for computational and visualization systems to support Modeling and Simulation (M&S) efforts as well as management decision processes is ever increasing. As the technical and management sectors of NUWC DIVNPT continue to communicate more and more electronically, upgraded computer and display systems are required to provide sufficient electronic communications capability within the Division as well as externally to a multitude of individuals and organizations. The scientific and management computer resources are also essential in order to meet the electronic protocol established with sponsors, contractors, and academia to transmit, receive and display data electronically. Replacement of the obsolete computer equipment and the addition of visualization capabilities will provide NUWC DIVNPT with more reliable and cost effective resources which will ensure that the technical and business areas have the capabilities to meet their requirements. Increased reliability will reduce maintenance cost, increase overall efficiency, and enhance compatibility internally and externally to the organization. If the equipment is not acquired, the Division can expect to incur loss of personnel productivity, decreased customer satisfaction, rapidly escalating maintenance costs, reduced services to the technical and business community, and technical obsolescence. Consequently, NUWC DIVNPT will be unable to provide the necessary corporate computer resources necessary to meet the current and future computational and display requirements of the RDT&E and business population.									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description <u>L247</u> Integrated Display Center Upgrade				D. Activity Identification NUWC Division, NPT		
			FY 1999		FY 2000		FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Integrated Display Ctn	1		485	1		900	1		250
Narrative Justification: <p>The Integrated Display Center will be a unique facility which supports Naval Undersea Warfare Center, Division Newport (NUWC DIVNPT) simulation display requirements as well as management functions. This center will be a multi-use facility that will provide world-class visualization capabilities for review of at sea and virtual system test and evaluations as well as support various management decision processes.</p> <p>This capability will help NUWC DIVNPT and the Navy by linking NUWC DIVNPT to the Fleet test and training community with live, visual capabilities thus allowing warfighters to evaluate next generation undersea warfare systems such as torpedoes, sonar, and combat control early in the lifecycle; thereby reducing training, test, evaluation, and acquisition costs. The technology employed by the display center will be a significant contributor to enhancement of NUWC DIVNPT's modeling and simulation (M&S) efforts as well as offer a state-of-the-art facility to support various technical working groups, program reviews with sponsors, and forums with industry and academia. Currently, NUWC division Newport does not have a dedicated simulation Presentation Facility. Some existing facilities can accomplish subsets of the proposed capabilities of the IDC. By funding this project, division Newport will establish a unique facility, providing all departments with state of the art visualization capability that will enhance development, testing, and integration efforts. It will also provide the division with the ability to showcase all department products and capabilities from a single location. The installation of the presentation theater will provide world-class visualization capabilities to a large audience forum in the areas of modeling and simulation, design, development, testing, training and management decision support. The facility will include access to the NUWC Intranet; the VTC network; NUWC facilities housing real, virtual and constructive models; T&E and training ranges; Tri-services; other Warfare centers; and link to DSI and DREN networks. This project will give warfighters the ability to evaluate next generation weapons early in the lifecycle, while reducing training, T&E and acquisition process costs.</p> <p>The impact of not funding this project - visualization is an essential and critical component of modeling and simulation, physics based modeling, simulation based design, and the undersea battlespace which are all key division Newport initiatives and integral to the NUWC vision and its future systems. Without this project, NUWC Division Newport would not be able to maintain its' leadership role in the area of visualization.</p>									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description <u>L248</u> Undersea Battlespace Facility				D. Activity Identification NUWC Division, NPT		
	FY 1999			FY 2000			FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Undersea Battlespace	1		540	1		567	1		756
Narrative Justification: <p>The Undersea Battlespace (USB) Facility will provide a cohesively, integrated undersea warfare environment for the design and development of Naval Undersea Warfare Center, Division Newport (NUWC DIVNPT) products including weapons, combat systems, and sensors. The USB Facility design will leverage from and expand upon existing modeling and simulation (M&S) capabilities by integrating live range facilities and participants with various Division simulation resources. The USB Facility will promote connectivity of NUWC DIVNPT modeling, simulation, and range facilities internally and externally. The facility will also function as a management and coordination resource for M&S development with live range integration.</p> <p>The USB Facility will provide an integrated world-class test bed and development environment for advanced technology sensors, combat systems and weapons users. Use of the facility will reduce expenses and increase training value by minimizing logistics costs while providing a realistic threat environment in which to train. The facility will also become a focal point for secure, distributed Research, Development, Test and Evaluation (RDT&E) planning and administration, thus eliminating redundant systems and/or functions. USB will also support the Navy in significantly reducing T&E acquisition expenses by introducing new systems earlier in the development cycle to the war fighter.</p> <p>Failure to fund the USB facility will unnecessarily increase the cost of doing business for NUWC DIVNPT and its customers. Increased costs in the form of non integrated systems will result in development of redundant systems and facilities. Not being able to evaluate systems with the Fleet early in the development phase will also increase cost to the Navy by increasing development time and at sea testing. The USB represents an investment in the future via cost-effective development, testing, and training technology in response to reduced resources with ever increasing technology requirements.</p>									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description <u>L249</u> Undersea Warfare Synthetic Environment Design System				D. Activity Identification NUWC Division, NPT		
			FY 1999		FY 2000		FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Syn Envir Design Sys	1		1,181				1		500
Narrative Justification: The Undersea Warfare Synthetic Environment System (USES) project provides synthetic environment augmentation and manages connectivity to the Undersea Synthetic Battlespace (USB) live assets. USES integrates distributed architecture systems to perform complex testing and development test and training exercises. The system uses simulation based design networking and 4AC application management. USES will provide the core modeling and simulation (M&S) architecture for the Naval Undersea Warfare Center, Division Newport (NUWC DIVNPT) through cross-department application to reduce the cost of doing business. The system retains NUWC DIVNPT's leadership posture in Undersea Warfare (USW) M&S. USES provides USW/Submarine Fleet representatives with the tools to develop submarine and USW roles in the evaluating battleforce and tri-service simulation environments. Not funding USES technology, will result in the loss of an established USW M&S leadership role for NUWC DIVNPT and the Navy. Without this project, increased program burdens for development of individual, specialized simulation capabilities will lead to higher costs paid by the customer. Failure to fund the USES efforts will perpetuate limited representation in the USW multiservice simulation arena.									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description <u>L250</u> WAF New Architecture				D. Activity Identification NUWC Division, NPT		
	FY 1999			FY 2000			FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
WAF	1		486	1		750	1		315
Narrative Justification: This investment will incorporate a new state-of-the-art hardware-in-the-loop architecture in the Naval Undersea Warfare Center, Division Newport (NUWC DIVNPT) Weapons Analysis Facility (WAF) to increase operational capacity and throughput, computational speed, flexibility and utility maximizing simulation capability of the WAF to evaluate current and future underwater weapons in tactical scenarios with a very high degree of fidelity and realism. The architectural requirements mandate employment of cutting-edge parallel processing computer technology linked to a large suite of high speed inter-connected array processors, digital signal processors, and single board computers to handle increased bandwidths and data transfer rates of multi-system (e.g. salvo, in stride training, Distributed Interactive Simulation) operations, required for real-time weapons simulator facility. In addition, integration of WAF to the Defense Simulation Internet (DSI) using DSI industry standard data protocols will enable WAF to interoperate with other Navy and Industrial simulators or in exercises encompassing the entire joint-force theater of operation or interlab communications connectivity with other Division simulation facilities to support major program efforts. The incorporation of this new architecture in WAF increases its capability, functionality and support to a variety of Modeling and Simulation (M&S) functional areas including Simulation Based Design (SBD), virtual torpedoes, Unmanned Undersea Vehicles, networked simulation and training. Without the increased operational capacity and throughput, computational speed, and flexibility the WAF will not be capable of supporting these areas which yield a significant cost savings mostly associated with the elimination of at sea testing.									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description <u>L253</u> Secure Wideband Communications				D. Activity Identification NUWC Division, KPT		
	FY 1999			FY 2000			FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Secure Wideband				1		800	1		725
Narrative Justification: Consolidate and upgrade existing test data communication platforms to improve technical productivity, reduce operation and maintenance costs, and improve data interconnectivity. Existing data linking mechanisms for ASW weapon system performance, acoustic and magnetic measurement, and ASW exercise reconstruction information distribution will be enhanced. Project will entail procurement and implementation of network centric workstations and integration of information transfer capability. Need driven by a combination of increasing technical complexity of weapon system performance assessments and decreasing numbers of units tested. Productivity must be increased and parallel operations with any redundancy consolidated. Common hardware and software systems are needed to improve technical compatibility and achieve reduced manual processing.									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description <u>L258</u> Real-Time Information Transfer				D. Activity Identification NUWC Division, NPT		
			FY 1999		FY 2000		FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Real-Time Info Trans				1		500	1		500
Narrative Justification: The Real-Time Information Transfer Network will develop a network architecture to meet Research Development Test and Evaluation (RDT&E) requirements with modeling and simulation (M&S) augmentation. Available network technologies, such as Asynchronous Transfer Mode (ATM), are robust enough to support a real-time synthetic environment in Local Area Network (LAN) and Wide Area Network (WAN) configurations. RITN supports the Division's Near-Term Goals/Investment areas. ATM networking hardware and protocols will provide a robust and flexible network architecture to support all NUWC distributed Modeling and Simulation (M&S) efforts. RITN maintains NUWC's presence as a state-of-the-art valued player within the global M&S community. This network is being developed in consonance with Navy efforts to comply with DoD networking initiatives. The establishment of a secure network backbone for the Division will enable partnering among the various technical Codes as well as create the foundation for the establishment of an Undersea Battlespace (USB) Facility. With the RITN, NUWC will be well postured to support all aspects of distributed Modeling and Simulation and Simulation Based Development initiatives. A NUWCDIVNPT investment in network technology will enable future incorporation into DoD master plans. NUWCDIVNPT investment in RITN technology is required for full-spectrum support of the undersea community. NUWCDIVNPT will not have a significant role in distributed M&S programs without ATM networked facilities.									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description <u>N/A</u> ADP Projects Major (\$500K - \$999K)				D. Activity Identification NUWC Division, NPT/KPT		
			FY 1999		FY 2000		FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
ADP Projects Major	2		257	9		2,420	8		3,040
Narrative Justification:									
				<u>Location</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>		
Tactical Active Sonar Acoustic Database				Newport	143	255			
Strategic Management Information Center				Newport	114	75	160		
Undersea Warfare Modeling & Simulation Support				Newport		245	135		
Electromagnetic Range Improvement				Newport		200	400		
COTS Support and Integration Capability				Keyport		475	400		
Ocean Lab Range Architecture				Keyport		300	400		
Fleet Integrated Data Environment				Keyport		150	700		
Server Upgrade				Keyport		250	375		
Technical Data Systems Upgrade				Keyport		470	470		

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description N/A Other Computer & Telecomm Support Equipment Total (Minor)				D. Activity Identification NUWC Division, NPT/KPT		
	FY 1999			FY 2000			FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Other Comp/Telecomm	6		2,379	5		2,121	9		3,441
Narrative Justification: Projects between \$100K - \$499K <u>FY2001</u> <u>ATM Upgrade</u> – Increase connectivity switching capacity. Move phase II Keyport customers to ATM, add capacity and balance traffic-load. <u>Range Control Center Upgrade</u> – Provides range users immediate feedback of range/test operations reducing test evaluation time. <u>Material Management Enhancement</u> – Establish enhanced SOM visibility, materials management, tracking and requirements documentation methods for Fleet and program support assets. <u>Backup and Recovery Upgrade</u> – Information exchange/application reliability upgrade. Reduce back-up time, reduce disaster recovery time, increase data archive capabilities. <u>Video System Upgrade</u> – Modernize broadcast video system. Improve the quality of broadcast video. Reduce the system maintenance requirements. <u>Close Encounters</u> – Integrate CE functionality into real time sonar, combat control and weapon processing systems. Conduct at-sea testing and Fleet evaluation of CE Testing <u>Surface Ship/Sub Multistatics</u> – Develop new multistatic sensor interfaces and recording capabilities, collect at-sea multistatics data, use data to evaluate and extend existing processing functionality and support. <u>High Speed Switched Network</u> – Increase NUWCNET users desktop capacity to provide increase capability in areas such as video telecommunications, modeling and simulation, and other bandwidth-intensive functions. <u>Acoustic Combat System Automation</u> – Accelerated development and demonstration of advanced automation algorithms for joint detection, tracking, localization.									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description <u>L242</u> DIFMS - Keyport Division				D. Activity Identification NUWC Division, KPT		
	FY 1999			FY 2000			FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
DIFMS	1		37	1		451			
Narrative Justification: Defense Industrial Financial Management (DIFMS) requirements.									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description <u>N/A</u> Software (Minor)				D. Activity Identification NUWC Division, NPT		
	FY 1999			FY 2000			FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Software Minor				1		154	1		146
Narrative Justification: Projects less than \$500K <u>FY2001</u> <u>Code 57 System</u> – Expanded licensing/EBIS - financial database.									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2001 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2000			C. Line No. & Item Description <u>N/A</u> Minor Construction				D. Activity Identification NUWC Division, NPT/KPT		
	FY 1999			FY 2000			FY 2001		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
MINCON			1,592			1,415			1,297
Narrative Justification: <div> <u>Productivity</u> <u>FY00</u> No Break/self Healing Network Cable Carrying Plant </div> <div> <u>Environment</u> <u>FY00</u> ODS Compliance Steam Distribution Upgrade - Phase 3 K/B Dock Moorage Environmental Upgrade <u>FY01</u> ODS Compliance K/B Dock Moorage Environmental Upgrade </div> <div> <u>Replacement</u> <u>FY01</u> Americans for Disabilities Act Improve handicap access to building </div>									

Working Capital Fund Investment Summary
Department of the Navy
Research & Development
Naval Undersea Warfare Center
FY 2001 President's Budget
FY 2000
(\$ in Millions)

Approved Project		<u>Original</u>		<u>Revised</u>	
Item #	ADP and TELCOM	Request	Change	Request	Explanation
L186	Simulation Based Design	1.600	-.130	1.470	Reduced to ensure affordability of other initiatives
L187	Sub Sonar Dev. & Evaluation (SSDEC)	.300	.000	.300	
L193	Advanced Attack Center Test Bed	.400	-.150	.250	Reduced to ensure affordability of other initiatives
L231	Virtual Systems Design	.800	.000	.800	
L238	Scientific & Mgmt Computer System Upgrade	.765	.000	.765	
L247	Integrated Display Center Upgrade	.900	.000	.900	
L248	Undersea Battlespace Facility	.567	.000	.567	
L249	Undersea Warfare Synthetic Environment Design System	.250	-.250	.000	Reduced to ensure affordability of other initiatives
L250	WAF New Architecture	.750	.000	.750	
L253	Secure Wideband Communications	.800	.000	.800	
L258	Real-Time Information Transfer Network (RITN)	.500	.000	.500	
	ADP and TELCOM Major (\$500 - \$999K)	3.170	-.750	2.420	Reduced to ensure affordability of other initiatives
	ADP and TELCOM Minor (>\$100K <\$500K)	2.971	-.850	2.121	Reduced to ensure affordability of other initiatives
	ADP and TELCOM Subtotal	13.773	-2.130	11.643	

Working Capital Fund Investment Summary
Department of the Navy
Research & Development
Naval Undersea Warfare Center
FY 2001 President's Budget
FY 2000
(\$ in Millions)

Approved Project		<u>Original</u>		<u>Revised</u>	
Item #	Non-ADP Equipment	Request	Change	Request	Explanation
L225	Shallow Water Syn Env Eval Complex (SWSEEC)	.800	.000	.800	
L259	Fac for Analysis & Characterization of Transducers & Materials	.400	.000	.400	
L260	Telemetry & Fiber Optic Sensor Dev Lab	.500	.000	.500	
	Non-ADP Equipment Major (\$500 - 999K)	.620	-.220	.400	Reduced to ensure affordability of other initiatives
	Misc Non-ADP Equipment (>\$100K<\$500K)	1.925	.000	1.925	
	Non-ADP Equipment Subtotal	4.245	-0.220	4.025	
	Software				
L242	Software (Major)	.451	0.000	.451	
	Software (Minor)	.154	.000	.154	
	Software Subtotal	.605	0.000	.605	
	Minor Construction				
	Misc Minor Construction	1.975	-.560	1.415	Reduced to ensure affordability of other initiatives
	Minor Construction Subtotal	1.975	-.560	1.415	
Total NUWC FY 2000		20.598	-2.910	17.688	

**DEPARTMENT OF THE NAVY
SPAWAR SYSTEMS CENTERS
FY 2001 PRESIDENT'S BUDGET
NAVY WORKING CAPITAL FUND**

Activity Group Function:

The Space and Naval Warfare Systems Centers (SSC's) are the Navy's full spectrum research, development, test and evaluation, engineering, and fleet support centers for command, control, and communication systems and ocean surveillance and the integration of those systems which overarch multiplatforms. The SSC's support the Fleet in mission and capability by providing the most capable and ready command and control systems for the Navy. The SSC's provide innovative scientific and technical expertise, facilities, and understanding of defense requirements necessary to ensure that the Navy can develop, acquire, and maintain the warfare systems needed to meet requirements at an acceptable price. The SSC's also provide engineering and fleet support for assigned systems to maintain the Fleet's warfighting capability. The SSC's:

1. Provide warfare systems analysis.
2. Plan and conduct effective technology programs.
3. Provide cost conscious systems engineering and technical support to program managers in all phases of systems development and acquisition.
4. Provide test and evaluation support including RDT&E and measurement facilities.
5. Provide technical input to the development of operational tactics.
6. Provide electronics material support (technical and management) for systems and equipment under SPAWAR's cognizance.
7. Provide specialized technical support to the Fleet for quick-reaction requirements.

Activity Group Composition:

The SSC's primary locations are in San Diego, CA and Charleston, SC. This organizational structure best facilitates the entire cycle of systems engineering from research and development through waterfront support. SSC San Diego is headquartered in San Diego, CA with detachments in: Philadelphia, PA; Pearl Harbor, HI; Guam; and Japan. SSC Charleston is headquartered in Charleston, SC with a detachment in Norfolk, VA.

Effective FY 2000, the 6 Naval Computer and Telecommunications Command (NCTC) Naval Working Capital Fund (NWCF) activities transferred to SPAWAR management. They will merge financially with the SSC's in FY 2001. This will create 3 additional SSC Charleston detachments at Pensacola, FL; Jacksonville,

FL; and Washington, DC (the NCTC NWCF activity located in Norfolk, VA will merge with SSC Charleston's Norfolk detachment). The NCTC NWCF activities in San Diego, CA and Pearl Harbor, HI will merge with SSC San Diego. The merger will create benefits by: (1) combining activity groups with similar work (the SSC's C4I and the NCTC NWCF activities information technology work), bringing the SSC's to a more complete cradle to grave operation; (2) eliminating sometimes competing technical solutions; and (3) reducing overhead costs by consolidating support infrastructures. FY 2001 overhead reductions of \$1 million represent the merger's initial savings. This merger will result in additional direct labor hours, cost of goods sold, revenue and headquarters costs in the SSC budget.

The SSC's are shifting their plans for strategic sourcing to reflect formal Commercial Activities studies (A-76). Earlier plans had called for managed attrition without formal competition.

The FY 2001 budget has been adjusted to reflect the merger with the NCTC NWCF activities, as discussed above.

Financial Profile:

		(Millions \$)	
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Revenue	1,237.1	1,061.9	1,242.1
Costs of Goods Sold	1,240.3	1,063.5	1,241.4
Operating Results	-3.2	-1.6	0.7
Capital Purchases Surcharge/Other Adj	-0.9	-7.1	0
Net Operating Results	-4.1	-8.7	0.7
Accumulated Operating Results (SSCs)	13.7	5.0	na
- Adjust for NCTC FY 2000 AOR	0.0	-5.7	na
Accumulated Operating Results (Combined)	13.7	-0.7	0.0

Revenue

The decline in revenue between FY 1999 and FY 2000 reflects workload decreases, savings from Commercial Activity studies and Capital Purchase Program (CPP) acquisitions, and other efforts to reduce overhead costs. The increase between FY 2000 to FY 2001 represents pricing adjustments, a slight workload increase, and the merger with the NCTC NWCF activities, partially offset by savings from Commercial Activities studies and CPP acquisitions, and other efforts to reduce overhead costs.

Cost of Goods Sold

The cost trend parallels that of revenue; the reasons for changes between fiscal year are the same as those noted above.

Operating Results

Changes in Net Operating Results (NOR) from year to year are primarily due to differences in the level of prior year loss to be made up in each year's rates. FY 2000 rates were set based on the \$7.5 million AOR profit projected for the end of FY 1999 in the FY 2000 President's Budget.

Workload:

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Direct Labor Hours	5,705,844	5,590,904	6,887,211

	(Millions \$)		
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Reimbursable Orders	1,242.6	1,056.4	1,225.8

Direct Labor Hours

The decrease in direct labor hours (DLHs) between FY 1999 and FY 2000 (-2.0%) is primarily due to the functional transfer of 18 personnel at SSC Charleston's Norfolk detachment to the Norfolk Naval Shipyard, as directed by BRAC 1995. Other reasons for the decline in DLHs include minor workload reductions and the re-engineering of the installation function.

The increase in DLHs between FY 2000 to FY 2001 (23.2%) is primarily due to the merger with the NCTC NWCF activities and the re-assigning of technical personnel from management functions to technical functions. This increase is partially offset by the re-engineering of the installation function.

Orders Received

Approximately 75% of the products and services provided by the SSC's are to Navy customers, with the balance provided almost totally to other DoD and Federal customers. SSC's customers include SPAWAR, NAVSEA, NAVAIR, OCNR, CINCPACFLT, and CINCLANTFLT. Significant other DoD customers include DARPA and Air Force and Army C4I organizations.

Performance Indicators:

The SSC's outputs are scientific and engineering designs, developments, tests, evaluations, analyses, installations and fleet support for systems in the SSC's assigned mission areas. The measure for these outputs is the direct labor hour worked for a customer. Customers are charged a predetermined stabilized billing rate per employee hour worked. The rate includes the salary and benefits costs of

the performing employee (direct labor costs) and a share of the overhead costs of the SSC's, both general base operating support as well as unique production overhead costs of the performing employee's cost center. Non-labor, non-overhead costs, such as customer required material and equipment purchases, travel expenses, and contractual services, are charged to the customer on an actual cost reimbursable basis, and thus are not part of the SSC's stabilized pricing structure. The SSC's use total stabilized cost per direct labor hour as their performance criterion. The composite stabilized rate and the average total stabilized cost per direct labor hour (DLH) (unit cost) for the SSC's are discussed below.

Customer Rate Changes:

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Stabilized Rate (Average)	\$73.92	\$78.71	\$75.81
Change from Prior Year	1.9%	6.5%	-3.7%

Stabilized Rate

Changes in average stabilized rates between fiscal years are the result of changes in DLHs, stabilized (rather than total) costs, and AOR recovery factors in the budget on which each year's rates is set.

Between FY 2000 to FY 2001, the average stabilized rate decreases by \$2.90 (3.7%). This decline is due to the SSC's significant efforts to reduce overhead costs and the merger with the NCTC NWCF activities.

Unit Costs:

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Total Stabilized Cost (\$M)	434.2	440.5	502.8
Workload (DLH)	5,705,844	5,590,904	6,643,858
Unit Cost (per DLH)	\$76.10	\$78.79	\$75.68

Total Stabilized Costs

The changes in stabilized costs from FY 1999 to FY 2000 and from FY 2000 to FY 2001 represent pricing adjustments offset by changes in direct labor hours and other savings. Additionally, FY 2001 reflects the merger of the SSC's and NCTC NWCF activities.

Unit Cost

The changes in unit cost (total stabilized cost per direct labor hour) from year to year are due to changes in total stabilized costs relative to changes in DLHs. As

total stabilized costs increase by 14.1% from FY 2000 to FY 2001, the 18.8% increase in DLHs results in a 3.9% decrease in unit cost. The merger of NCTC NWCF activities with the SSCs is the primary reason for the increase in both cost and workload between FY 2000 and FY 2001.

Staffing:

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Civilian End Strength	4,955	4,856	5,688
Civilian Work Years	4,858	4,824	5,652
Military End Strength	87	101	101
Military Work Years	77	72	70

Civilian Personnel

Civilian workforce reductions between FY 1999 and FY 2000 reflect personnel efficiencies from capital investments, Commercial Activity studies, re-engineering of the installation process and Business Process Reengineering.

The civilian workforce increase between FY 2000 and FY 2001 is primarily due to the merger of NCTC NWCF activity group personnel with the SSCs. This increase is partially offset by personnel efficiencies from capital investments, Commercial Activities studies, re-engineering of the installation process, and Business Process Reengineering (BPR) efforts.

Military Personnel

FY 1999 military end strength and work year levels reflect actual levels. The FY 2000 and FY 2001 end strengths represent projected on-board levels. FY 2001 workyears are phased to reflect the timing of expected accessions and separations during the year.

Capital Budget Authority:

	(Millions \$)		
	<u>FY 1999*</u>	<u>FY 2000</u>	<u>FY 2001</u>
Equipment-Non ADPE/Telecom	0.621	4.000	0.000
ADPE/Telecom Equipment	5.913	2.253	3.791
Software Development	2.700	18.000	12.025
<u>Minor Construction</u>	<u>2.241</u>	<u>1.019</u>	<u>0.505</u>
TOTAL	11.475	25.272	16.321

* FY 1999 data includes actual FY 1999 obligations and FY 1999 program requested for obligation in FY 2000

The SSC's Capital Purchase Program (CPP) represents a modest investment to maintain technically efficient capabilities to support the Fleet and other Navy and Defense customers in their requirements. While not the primary reason for the capital investments, it should be noted that the SSC's CPP investments will result in incremental annual savings of \$2.0 million in FY 2000 and \$2.1 million in FY 2001. The majority of SSC's CPP investments are purchased to provide technical capabilities so that the SSC's can meet their customer requirements. These CPP investments also allow SSC's to perform its assigned mission at a lower cost to customers than would otherwise be possible, but the driving reason for buying these items is for the SSC's to have the ability to meet their technical customer requirements.

The increase from FY 1999 to FY 2000 (and the subsequent decrease from FY 2000 to FY 2001) is primarily due to SSC San Diego's role in the Department of the Navy's (DoN) Enterprise Resource Planning (ERP) pilot projects. Designated as the lead for the DoN's Warfare Center Management Business Case Study, SSC San Diego has budgeted \$18 million and \$10 million for this effort in FY 2000 and FY 2001, respectively. ERP will be used to reengineer and standardize business processes, integrate operations, and optimize management of resources. The intent is to implement the pilot program at SSC San Diego.

INDUSTRIAL BUDGET INFORMATION SYSTEM
REVENUE AND EXPENSES
AMOUNT IN MILLIONS
SPAWAR / TOTAL

	FY 1999 <u>OSD</u>	FY 2000 <u>OSD</u>	FY 2001* <u>OSD</u>
Revenue:			
Gross Sales			
Operations	1,229.0	1,045.1	1,233.5
Surcharges	0.0	7.1	0.0
Depreciation excluding Major Construction	8.1	9.7	8.6
Other Income			
Total Income	1,237.1	1,061.9	1,242.1
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	4.4	5.2	5.0
Civilian Personnel	367.9	383.7	457.8
Travel and Transportation of Personnel	38.7	38.3	41.4
Material & Supplies (Internal Operations	106.6	91.2	95.4
Equipment	28.5	26.6	35.4
Other Purchases from NWCf	66.8	71.0	74.0
Transportation of Things	3.9	2.1	3.1
Depreciation - Capital	8.1	9.7	8.6
Printing and Reproduction	1.6	1.2	1.9
Advisory and Assistance Services	5.4	6.1	6.6
Rent, Communication & Utilities	14.7	13.8	20.6
Other Purchased Services	566.2	415.9	493.2
Total Expenses	1,212.9	1,064.9	1,242.9
Work in Process Adjustment	27.4	0.0	0.0
Comp Work for Activity Reten Adjustment	0.0	-1.4	-1.5
Cost of Goods Sold	1,240.3	1,063.5	1,241.4
Operating Result	-3.2	-1.6	0.7
Less Surcharges	0.0	-7.1	0.0
Plus Appropriations Affecting NOR/AOR	0.0	0.0	0.0
Other Changes Affecting NOR/AOR	0.0	0.0	0.0
Extraordinary Expenses Unmatched	-1.0	0.0	0.0
Net Operating Result	-4.1	-8.7	0.7
Other Changes Affecting AOR	0.0	0.0	0.0
Accumulated Operating Result	13.7	5.0	0.0
Adjust for NCTC FY 2000 AOR		-5.7	
Combined SPAWAR / NCTC FY 2000 AOR		-0.7	Exhibit Fund-14

* Merger of SPAWAR / NCTC is reflected in FY 2001 data

**SOURCE OF REVENUE
AMOUNT IN MILLIONS
SPAWAR / TOTAL**

	FY 1999 <u>OSD</u>	FY 2000 <u>OSD</u>	FY 2001* <u>OSD</u>
1 . New Orders	1,242.6	1,056.4	1,225.8
a. Orders from DoD Components	1,058.1	916.0	1,044.1
Department of the Navy	844.3	724.4	817.9
O & M, Navy	240.7	215.3	273.8
O & M, Marine Corps	9.7	6.4	6.3
O & M, Navy Reserve	3.1	0.8	1.1
O & M, Marine Corp Reserve	0.0	0.0	0.0
Aircraft Porcurement, Navy	7.1	2.3	3.5
Weapons Procurement, Navy	6.5	3.7	3.8
Ammunition Procurement, Navy/MC	0.0	0.0	0.0
Shipbuilding & Conversion, Navy	93.4	42.4	41.4
Other Procurement, Navy	329.9	306.9	341.6
Procurement, Marine Corps	6.5	6.0	6.0
Family Housing, Navy/MC	0.0	0.0	0.0
Research, Dev., Test, & Eval., Navy	170.0	140.6	140.3
Military Construction, Navy	0.1	0.0	0.0
Other Navy Appropriations	-22.8	0.0	0.1
Other Marine Corps Appropriations	0.0	0.0	0.0
Department of the Army	19.4	9.6	20.6
Army Operation & Maintenance	11.5	4.9	15.5
Army Res, Dev, Test, Eval	3.2	2.7	3.0
Army Procurement	2.7	2.0	2.1
Army Other	1.9	0.0	0.0
Department of the Air Force	50.9	44.2	47.3
Air Force Operation & Maintenance	18.8	18.1	20.1
Air Force Res, Dev, Test, Eval	27.8	20.9	21.5
Air Force Procurement	4.3	5.2	5.7
Air Force Other	0.0	0.0	0.0
DOD Appropriation Accounts	143.5	137.8	158.4
Base Closure & Realignment	1.7	1.0	1.1
Operation & Maintence Accounts	39.9	27.3	36.9
Res, Dev, Test & Eval Accounts	73.6	82.6	91.6
Procurement Accounts	32.8	16.7	23.3
DOD Other	-4.5	10.2	5.6
b. Orders from NWCF Business Area	98.2	50.2	73.9
c. Total DoD	1,156.4	966.2	1,118.1
d. Other Orders	86.3	90.2	107.8
Other Federal Agencies	56.9	43.8	60.1
Foreign Military Sales	22.7	39.4	38.8
Non Federal Agencies	6.7	7.0	8.8

**SOURCE OF REVENUE
AMOUNT IN MILLIONS
SPAWAR / TOTAL**

	FY 1999 <u>OSD</u>	FY 2000 <u>OSD</u>	FY 2001* <u>OSD</u>
2 . Carry-In Orders	592.7	598.3	618.5 ***
3 . Total Gross Orders	1,835.4	1,654.6	1,844.3
4 . Funded Carry-Over **	598.3	592.8	602.2
5 . Less Passthrough	0.0	0.0	0.0
6 . Total Gross Sales	1,237.1	1,061.9	1,242.1

Adjusted Carry-Over	212.2	230.7	264.1
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* Merger of SPAWAR and NCTC is reflected in FY 2001 data

** Carry over data before adjustments for work-in-process, BRAC, FMS, non-DOD and contractual obligations

*** FY 2001 carry-in orders adjusted for NCTC balance at the end of FY 2000

CHANGES IN THE COST OF OPERATIONS
 SUB-ACTIVITY GROUP: SPAWAR SYSTEMS CENTERS (SSC'S)
 (Dollars in Millions)

	<u>EXPENSES</u>
FY 1999 Actual	1,212.9
FY 2000 Estimate in President's Budget:	933.3
<u>Price Changes:</u>	
Labor Repricing (Impact of Locality Pay/Pay Raise)	7.3
<u>Productivity Initiatives and Other Efficiencies:</u>	
Capital Purchases Program (CPP) Savings	-.1
Business Process Re-engineering (BPR) Savings	-8.2
Commercial Activities (CA) Studies	.6
Installation Contract Re-engineering Savings	-.3
<u>Program Changes:</u>	
Workload Increase	127.2
Depreciation Decrease	-0.6
Increase in DFAS Bill	4.6
DIFMS	0.5
Other Changes	0.6
FY 2000 Current Estimate	1,064.9
FY 2000 Current Estimate(Adjusted for NCTC +\$116.4M)	1,181.3
<u>Pricing Adjustments:</u>	
Civilian Personnel	17.4
Military Personnel	0.2
Materials and Supplies	
Fuel	0.1
All other	1.4
WCF Price Changes	1.8
Other Purchases	7.3
<u>Productivity Initiatives and Other Efficiencies:</u>	
CPP Savings	-2.1
BPR Savings	-7.4
CA Savings	-1.9
Installation Contract Re-engineering Savings	-4.8
<u>Program Changes:</u>	
Separation Pay (VERA/VSIPs)	-0.1
Deprecation Decrease	-1.3
Workload Changes	51.0
FY 2001 Current Estimate*	1,242.9

* Merger of NCTC is reflected as part of each price, productivity, & program line between FY 2000 & FY 2001

Activity Group Capital Budget Summary
Department of the Navy
SPAWAR System Centers
FY 2001 President's Budget

LINE #	Item Description	\$ in Millions FY 1999		\$ in Millions FY 2000		\$ in Millions FY 2001	
		Quant	Total Cost	Quant	Total Cost	Quant	Total Cost
L0001	1. Non-ADP Equipment						
L0002	Misc. Non-ADP	VAR	0.621				
	Upgrade of Lithographic Tool			1	4.000		
	Subtotal Non-ADP Equipment		0.621	1	4.000		
	2. ADPE and telecommunications resources						
	(a). Computer Hardware (Production)						
	(b). Computer Software (Operating System)						
	(c). Other ADPE and telecommunications resources		5.913		2.253		3.791
L0003	Misc. ADP Equipment (>=\$.100M and <\$1.000M)	VAR	5.413	VAR	1.753	VAR	3.291
L0004	Supercomputer		0.500		0.500		0.500
	Subtotal ADPE & Telecommunications		5.913		2.253		3.791
	3. Software Development >= \$.100M						
L0005	DIFMS/NIMMS/T&A Reengineering		0.272				
L0006	Engineering Management System		0.428				
L0007	Corporate Business System		2.000				2.000
L0008	Enterprise Resource Planning (ERP)				18.000		10.025
	Subtotal Software Development		2.700		18.000		12.025
	4. Minor Construction (>= \$.100M and < \$.500M)						
L0009	Misc. Minor Construction (<\$.100M and <\$1.000M)	VAR	2.241	VAR	1.019	VAR	0.505
	Subtotal Minor Construction		2.241		1.019		0.505
	Grand Total	VAR	11.475	VAR	25.272	VAR	16.321

ACTIVITY GROUP CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. FY 2001 President's Budget					
B. Navy/Research and Development/Space and Naval Warfare Systems Centers (SSC's)				C. L0002 - Upgrade of Photo- Lithographic Tool - Replacement						D. SSC San Diego		
				FY 1999			FY 2000			FY 2001		
Element of Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Equipment Installation Testing									3,800 200			
TOTAL									4,000			
<p>Justification:</p> <p>SPAWAR Systems Center San Diego (SSC-SD) operates the only full-service Integrated Circuit Fabrication Facility (ICFF) among the three Services. This facility recently was upgraded, modernized, and improved. New clean rooms, air-handling systems, and state-of-the art processing tools and equipment represent a facility which can competitively serve sponsors and customers for the next decade. The sole weakness of the existing facility, however, is the aging tool used for lithography. This is an I-Line Stepper used for photolithography; it is capable of writing and defining feature sizes to dimensions on the order of 0.5 micrometers.</p> <p>This upgrade package modifies the photo-lithographic exposure instrument (ref. Stepper) to define feature sizes on silicon wafers as small as 0.2 micrometers compared to the current limit of 0.35 micrometers. To achieve this feature size reduction requires substitution of the existing lens system with one that operates at a shorter optical wavelength. Also, the current light source must be exchanged for a source based on an excimer laser operating at a wavelength of 248 nanometers. Such a package exists for the stepper in current use. The current system, based on an optical wavelength of 365 nanometers, can only define features down to 0.5 micrometers in a routine mode of operation, and 0.35 micrometers under restricted circumstances. With the declining industrial base devoted to DoD-specific integrated circuits we must continue to keep pace with advances in the commercial IC sector to provide the improvements in performance our military customers demand while maintaining the high tolerance to adverse environments (e.g. radiation) required by military systems.</p>												

ACTIVITY GROUP CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)		A FY 2001 President's Budget
B. Navy/Research and Development/Space and Naval Warfare Systems Centers (SSC's)	C. L0002 - Upgrade of Photo-Lithographic Tool - Replacement (Page 2)	D. SSC San Diego
<p>Justification: (Cont)</p> <p>The ICFF fabricates integrated circuits through a sequential series of complex processing steps which loop silicon wafers through the lithographic process several times as they are etched, implanted, passivated, and metallized. This is, therefore, a chain in which failure of the weakest link stops the entire processing. The "failure", however, does not mean breakdown; rather, there is a technical limit imposed by the limits of that tool. All other tools in the facility are able to process substantially finer feature sizes than the photolithographic tool. The shorter the optical wavelength of the stepper source, the smaller the features that can be defined. The ICFF is therefore precluded from fabricating smaller dimensions by the limitations of this one bottleneck. In order to remain competitive and serve its customers, the ICFF must upgrade its lithographic capability by acquiring a photolithographic tool to write smaller dimensions. Current customers include Strategic Systems Programs Office (SSPO), Defense Advanced Research Projects Agency (DARPA), and Office of Naval Research (ONR).</p> <p>Alternatives for solving the existing limitation include (a) outsourcing, (b) upgrade of the existing stepper, or (c) purchase of a new optical stepper using shorter wavelength optical sources such as deep ultraviolet excimer lasers. Outsourcing is not feasible since all processing must be undertaken under clean room conditions; it is also not practical because the cycling through the lithographic stage is repetitive and must be closely controlled in coordination with other processing tools. Finally, outsourcing cannot be done with classified circuits and sensors.</p> <p>Purchase of a new stepper capable of writing to sub half-micrometer dimensions is an expensive option. The principal suppliers of deep ultraviolet steppers include SVG Lithography, Nikon, Canon, and ASM Lithography. Their excimer laser steppers sell in the range of \$5M-\$7M.</p> <p>The last option is to upgrade the existing ICFF stepper. This machine was purchased several years ago and uses the i-line of mercury as the optical source. The stepper was manufactured by GCA Corporation, a company which is no longer in business. Its interests have been assumed by another company which maintains and upgrades existing GCA systems.</p> <p>To upgrade the GCA tool, the existing optics will have to be replaced to handle the shorter wavelengths of deep ultraviolet sources, an excimer laser operating at 248 or 193 nanometers installed, and mechanical upgrade of precision wafer alignment and handling incorporated.</p>		

ACTIVITY GROUP CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)		A. FY 2001 President's Budget	
B. Navy/Research and Development/Space and Naval Warfare Systems Centers (SSC's)	C. L0002 - Upgrade of Photo- Lithographic Tool - Replacement (Page 3)	D. SSC San Diego	
<p>Justification:</p> <p>The expanded capability will allow greater and faster throughput, improve yield and reliability, and maintain SSC-SD at the leading edge of military integrated circuit R&D. Productivity will be improved by the reduction of contractor support and labor costs. Substitution of technician support for engineering labor reduces skilled labor costs. Automation increases unit output per unit input of labor; increased reliability reduces downtime, thereby increasing total output per unit time. Finally, increased product throughput on this equipment reduces the idle time of other equipment in the process line, thereby raising the overall productivity of the facility's operations.</p> <p>Failure to upgrade the photolithographic tools will constrain the SSC-SD ICFF to 0.5 micrometer feature size in its prototype circuits at a time when industry is retreating from the military market. Major suppliers such as Harris Corporation have dropped their fabrication lines devoted to the manufacture of radiation-hardened silicon-on-sapphire circuits used in military satellites and other sensitive strategic weapon systems. Harris has agreed to transfer their process at no cost to SSC-SD. Other vendors are expected to follow Harris as they deem it unprofitable to maintain devoted fabrication process lines to the rapidly shrinking military market as a proportion of total sales. Process lines are not easily interchangeable and constitute a major inconvenience to switch between highly profitable and marginally profitable production. As the capital investment of new fabrication facilities approaches multibillion dollar dimensions, industry will almost certainly abandon custom military parts manufacture and will determine they cannot devote resources to this market. On the other hand, small R&D facilities, such as the SSC-SD ICFF, can absorb the demands of this abandoned military customer base and serve as supplier of last resort of critical system or prototypical parts.</p> <p>The proposed Capital Purchases Program acquisition of an upgraded or new photolithographic tool is imperative if SSC-SD ICFF is to maintain and expand its critical capability for military customers.</p>			

ACTIVITY GROUP CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. FY 2001 President's Budget					
B. Navy/Research and Development/Space and Naval Warfare Systems Centers (SSC's)				C. L0003 - Miscellaneous ADP Equipment (>= \$100,000, < \$1,000,000)					D. SSC's			
				FY 1999			FY 2000			FY 2001		
Element of Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Equipment Installation Testing	VAR			VAR		5,413	VAR		1,753	VAR		3,291
TOTAL						5,413			1,753			3,291
Justification:												
<p>This investment provides the largest impact to the greatest number of people and projects supported by the SPAWAR Systems Centers (SSC's). At the core of all the highly technical and sophisticated research and development (R&D) conducted at the SSC's are equally technical and sophisticated computer systems. The SSC's make use of a wide variety of computers to accomplish the objectives of the R&D projects. The uniqueness and complexity of these projects requires equally unique and complex ADP support. In some cases, upgrades are required because manufacturers will not support obsolete operating systems/equipment. The items scheduled for purchase are the minimum necessary to meet daily R&D mission operating requirements, effectively manage R&D resources and meet customer R&D requirements. Examples of items to be purchased costing less than \$500,000 are Database License for Cluster, Corporate File Server, Corporate Information Server, High Performance Computing, Database Engine Upgrade, Computer Systems Upgrade, Command and Control Advanced Research Network, Data Warehouse, Hierarchical Storage Management System, Visualization/VR System, Database Access Tools, Network CD-Rom Optical Servers, VHF Radar Components, Pattern Recorder, Network Modeling for Simulations, Microfiche System, Corporate Enterprise Server, Executive Information System, VHF/UHF Radar Receiver, High Resolution Spectrum analyzer, Time Domain Management Range Upgrade, Optical Disk Storage System, Distributed Virtual Environment System, Shared Memory Multi Processor, and Web Server Systems. This category provides the SSC's the means to procure ADP items used for multiple projects.</p>												

ACTIVITY GROUP CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)		A. FY 2001 President's Budget	
B. Navy/Research and Development/Space and Naval Warfare Systems Centers (SSC's)	C. L0003 - Miscellaneous ADP Equipment (>= \$100,000, < \$1,000,000) (Page 2)		D. SSC's
Justification: (continued)			
Equipment costing over \$500,000 include the following:			
Digitized Retrievable Database		FY 99 - \$ 579 K	
Backbone Capacity Upgrade		FY 99 - \$ 995 K	
Infrastructure Upgrade		FY 00 - \$ 651 K	
Data/Video/Voice & Access Control System for MILCON P030		FY 01 - \$ 853 K	
Infrastructure Upgrade		FY 01 - \$ 647 K	

ACTIVITY GROUP CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)		A. FY 2001 President's Budget	
B. Navy/Research and Development/Space and Naval Warfare Systems Centers (SSC's)	C. L0004 - Supercomputer - New Mission (Page 2)		D. SSC San Diego
Justification: (cont)			
<p>Increased HPCN capability in DOD is needed to raise performance levels in C2 and advanced, embedded military computing systems, to pioneer cost reductions in these systems, and to enhance the opportunity for commercialization of computational products by other sectors. This is an initiative by the Office of the Director of Defense Research and Engineering and is summarized by the "DOD High Performance Computing Modernization Plan (HPCMP)", 1992-present. In it, specific functions and applications fundamental to progress in scientific and technology (and test and evaluation) areas of interest to the DOD were assessed. The requirements were found to far exceed current DOD capabilities. The SSC-SD response to this initiative was acquisition of the PARAGON and the EXEMPLAR. These systems were selected based on the following criteria: contribution to DOD mission, synergism with science and technology R&D, technical merit, organizational commitment to HPC, cost efficiency, complementing DOD long-range goals, readiness, and track record. The PARAGON has been the foundation of a secure signal processing facility since its acquisition in FY 1993. Its architecture and design of its processors have made it extraordinarily beneficial for our surveillance programs, leading to a system upgrade and plans to acquire an unclassified system from the HPCMP program. This will permit easier access to this system by our researchers who are developing algorithms for embedded applications, and will facilitate migration of these codes to the new machine(s) we plan to acquire in FY 1999 and beyond. The EXEMPLAR is a parallel supercomputing extension to the Tactical Advanced Computer (TAC-4). It will support development of parallel tactical information integration and display technology software via the TAC-4 processors. Other commercial parallel and sequential computers were also considered. However, the EXEMPLAR met the current and projected requirements, its computing power could not be obtained elsewhere for the comparable price, and existing and planned TAC-4 installations in the fleet are candidates for upgrades to such parallel processing capability.</p>			

ACTIVITY GROUP CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)		A. FY 2001 President's Budget	
B. Navy/Research and Development/Space and Naval Warfare Systems Centers (SSC's)	C. L0004 - Supercomputer - New Mission (Page 3)		D. SSC San Diego
Justification: (cont)			
<p>Funds will be used to increase the current capability of the HPCN environment at SSC-SD - i.e., the DOD EXEMPLAR and PARAGON computational systems, visualization systems and ATM networking. In addition, network access to these systems and other DOD systems nationwide will be facilitated for scientists and engineers. Parallel processor upgrades (additional disks, memory, and processing nodes and an archival storage system), visualization peripherals, high-speed networks and other system enhancements will be acquired. The HPCN Backbone must also be extended to the new campuses.</p> <p>The backbone extension and upgrade will take place over a two to three year period and involves the purchase of new switching equipment, routers, and management tools. Effectiveness of SSC-SD's HPC systems increases dramatically as these machines are upgraded with additional new processors, memory, and auxiliary storage. The EXEMPLAR and PARAGON have become integral components of ongoing SSC-SD programs across our C4I mission area, and upgrades are required to permit the broad scientific and engineering work across the laboratory and DOD to attain the increased productivity such upgrade and enhancement offers. The existing HPCN capability will thus be upgraded with the addition of a new system (with capital assistance from the DOD HPCMP) for general laboratory-wide use, allowing a natural migration of all of HPC users and their computing tasks to a scaleable, parallel machine offering dramatically improved capability and corresponding efficiencies in the performance of mission area tasking.</p> <p>The alternative to increasing the capability of these computational systems, scientific visualization systems, and ATM networking at SSC-SD is: obsolescence of these current systems and networks which support SSC-SD and DOD projects; or acquire systems outside the HPCMP. The former is an unacceptable degradation of SSC-SD capabilities and the latter would be far more expensive to SSC-SD than leveraging the SSC-SD HPCN expertise, the substantial SSC-SD and DOD investments to date, and the DOD capitalization funding available for upgrades and additions to the capability of existing systems.</p>			

ACTIVITY GROUP CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. FY 2001 President's Budget					
B. Navy/Research and Development/Space and Naval Warfare Systems Centers (SSC's)				C. L0007 - Corporate Business Systems - Productivity						D. SSC San Diego		
				FY 1999			FY 2000			FY 2001		
Element of Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Software Installation Testing						2,000						2,000
TOTAL						2,000						2,000
<p>Justification:</p> <p>SPAWAR Systems Center, San Diego (SSC-SD) utilizes a combination of business systems including: applications that are locally developed and maintained, applications that are commercially developed, and government developed applications that are maintained by government Central Design Agents. In combination, the data resident in these systems represents the sum of corporate business information. However, since they have been independently developed and maintained, these systems are not integrated. These applications use dissimilar software, databases, and reporting mechanisms. SSC-SD management has a need for integrated business information that crosses the boundaries of the various basic business applications that are utilized. A corporate business information view is needed to support management business analysis and to support the decision making processes. Current processes for collecting management information are semi-automatic and often manual.</p> <p>SSC-SD proposes a Corporate Business System that will automate current manual processes and develop business system software that will assemble and report information needed for management information and oversight of business functions. An automated Corporate Business System will provide the Center's user community and management integrated business data that will support the full spectrum of ongoing business functions. This system will also give the user community expanded access and summarization capabilities within corporate databases.</p>												

ACTIVITY GROUP CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. FY 2001 President's Budget					
B. Navy/Research and Development/Space and Naval Warfare Systems Center San Diego (SSC SD).				C. L0008 - Enterprise Resource Planning (ERP) Systems Software						D. SSC-SD		
				FY 1999			FY 2000			FY 2001		
Element of Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Qu	Unit Cost	Total Cost
Software								4650	4650			
Installation								13350	13350		10025	10025
TOTAL								18000	18000		10025	10025
Justification: An Enterprise Resource Planning (ERP) Software System is required to reduce the number of software applications and systems currently in use and their higher operating costs. SSC-SD has been tasked by the Commercial Business Practice (CBP) Executive Steering Group (ESG), chaired by the Commander, Naval Air Systems Command to perform the Warfare Center Management Business Case Study for feasibility of implementing best commercial practice for Navy Working Capital Fund (NWCF) activities. The intent is to implement the program at SSC-SD and to evaluate its potential for application at other NWCF activities.												

ACTIVITY GROUP CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. FY 2001 President's Budget					
B. Navy/Research and Development/Space and Naval Warfare Systems Centers (SSC's)				C. L0009 - Miscellaneous Minor Construction (≥\$100,000 & < \$1,000,000)				D. SSC's				
				FY 1999			FY 2000			FY 2001		
Element of Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Equipment Construction Design			0			0 2,158 83			1,902 50			545 60
TOTAL						2,241			1,019			505
<p>Justification:</p> <p>Minor Construction is used by the SPAWAR Systems Centers (SSC's) to replace obsolete facilities. The centers are located in 4 sites throughout the nation with millions of square feet of laboratory and office space. Minor construction is used at the SSC's to:</p> <ul style="list-style-type: none"> - modify existing spaces to provide suitable space to test and design new equipment (often in a protected environment) for the forces afloat - construct new facilities to provide suitable space to test and design new equipment, frequently in physically secure areas - upgrade hazardous waste facilities to ensure compliance with applicable laws/regulations - improve existing security measures - reduce operating expenses by building government-owned space so that leased space may be vacated <p>Examples of projects costing less than \$500,000 are library air conditioning, warehouse construction, demolishing and replacing wings on buildings, building 2nd floors on existing structures, replacement of elevators, and parking improvements.</p>												

ACTIVITY GROUP CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)		A. FY 2001 President's Budget	
B. Navy/Research and Development/Space and Naval Warfare systems Centers (SSC's)	C. L0009 - Miscellaneous Minor Construction (≥\$100,000 & < \$1,000,000) (page 2)	D. SSC's	
<p>Justification: (cont)</p> <p>This investment provides for the following:</p> <p>In FY 1999 6 projects (less than \$500,000) are planned for a total cost of \$2,241,000 In FY 2000 1 project (less than \$500,000) is planned for a total cost of \$499,000</p> <p>In FY 2000, one project over \$500,000 is planned: Old Town Signalized Intersection, SSC San Diego - \$520,000</p> <p>In FY 2001, one project over \$500,000 is planned: Parking Gate 1 - \$505,000</p>			

CAPITAL BUDGET EXECUTION
BSO: SPAWAR
ACTIVITY GROUP: SPAWAR SYSTEMS CENTERS
FY 2001 PRESIDENT'S BUDGET

PROJECTS IN THE FY 2000 PRESIDENT'S BUDGET
(Dollars in Millions)

FY 2000	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Equip. (Non-ADPE)	4.900	0.000	4.900	4.000	(0.900)	
Equip. (ADPE)	10.292	0.000	10.292	2.253	(8.039)	
Software Development	0.800	0.000	0.800	18.000	17.200	
Minor Construction	2.057	0.000	2.057	1.019	(1.038)	
Total FY 2000	18.049	0.000	18.049	25.272	7.223	
Equip. (non-ADPE)						
Miscellaneous Non-ADPE Equipmnet			0.900	0.000	(0.900)	Authority reduced to ensure affordability of other CPP & management initiatives
Upgrade of Lithographic Tool			4.000	4.000	0.000	No Change
Total Equip. (non-ADPE)			4.900	4.000	-0.900	
Equip. (ADP)						
Miscellaneous ADP Equipment			3.560	1.753	(1.807)	Authority reduced to ensure affordability of other CPP & management initiatives
Supercomputer			2.000	0.500	(1.500)	Authority reduced to ensure affordability of other CPP & management initiatives
Infrastructure Upgrade			1.132	0.000	(1.132)	Authority reduced to ensure affordability of other CPP & management initiatives
Integrated Products Center			3.000	0.000	(3.000)	Authority reduced to ensure affordability of other CPP & management initiatives
E-Mail Server			0.600	0.000	(0.600)	Authority reduced to ensure affordability of other CPP & management initiatives
Total Equip. (ADP)			10.292	2.253	(8.039)	
Software Development						
Enterprise Resource Planning			0.000	18.000	18.000	New task by Commercial Business Practice Executive Steering Group to determine best commercial practices for Naval Working Capital Fund activities.
Management Planning System			0.800	0.000	(0.800)	Authority reduced to ensure affordability of other CPP & management initiatives
Total Software Development			0.800	18.000	17.200	
Minor Construction						
Miscellaneous Minor Construction			2.057	1.019	(1.038)	Accelerated 3 projects to FY 1999 IAW DoN memo 20 May 1999
Total Minor Construction			2.057	1.019	(1.038)	
Grand Total FY 2000			18.049	25.272	7.223	

**NAVY WORKING CAPITAL FUND NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT/NAVAL RESEARCH LABORATORY
FY 2001 PRESIDENT'S SUBMISSION**

Activity Group Function

The Naval Research Laboratory (NRL) operates as the Navy's full-spectrum corporate laboratory, conducting a broadly based multidisciplinary program of scientific research and advanced technological development directed toward maritime applications of new and improved materials, techniques, equipment, systems and ocean, atmospheric, and space sciences and related technologies. In fulfillment of this mission, NRL:

- a. Conducts broad scientific research of basic and long-range nature in scientific areas of interest to the Navy.
- b. Conducts exploratory and advanced technological development deriving from or appropriate to the scientific program areas.
- c. Within areas of technological expertise, develops prototype systems applicable to specific projects.
- d. Assumes responsibility as the Navy's principal R&D activity in areas of unique professional competence upon designation from appropriate Navy or DOD authority.
- e. Performs scientific research and development for other Navy activities and, where specifically qualified, for other agencies of the Department of Defense and, in defense-related efforts, for other Government agencies.
- f. Serves as the lead Navy activity for space technology and space systems development and support.
- g. Serves as the lead Navy activity for mapping, charting, and geodesy (MC&G) research and development for the National Imagery and Mapping Agency.

NRL, the Navy's single, integrated corporate laboratory, provides the Navy with a broad foundation of in-house expertise from scientific through advanced development activity. Specific leadership responsibilities are assigned in the following areas:

- a. Primary in-house research in the physical, engineering, space, and environmental sciences.
- b. Broadly based exploratory and advanced development program in response to identified and anticipated Navy needs.

- c. Broad multidisciplinary support to the Naval Warfare Centers.
- d. Space and space systems technology development and support.

Activity Group Composition

In addition to its Washington, D.C. campus of about 131 acres and 100 main buildings, NRL maintains 14 other research sites, including a vessel for fire research and a Flight Support Detachment. The many diverse scientific and technological research and support facilities include the large facility located at the Stennis Space Center in Bay St. Louis, Mississippi; a facility at the Naval Support Activity, Monterey Bay Monterey, California; the Chesapeake Bay Detachment in Maryland; and additional sites located in Maryland, Virginia, Alabama, and Florida.

The Flight Support Detachment, located aboard the Patuxent River Naval Air Station in Lexington Park, Maryland, operates and maintains five uniquely configured P-3 Orion turboprop aircraft as airborne research platforms for worldwide scientific research operations.

The Chesapeake Bay Detachment occupies a 157-acre site near Chesapeake Beach, Maryland, and provides facilities and support services for research in radar, electronic warfare, optical devices, materials, communications, and fire research. Because of its location high above the Chesapeake Bay on the western shore, unique experiments can be performed in conjunction with the Tilghman Island site 16 km across the bay.

The NRL Stennis Space Center (NRL-SSC) is a tenant activity at NASA's Stennis Space Center. Other Navy tenants at the Stennis Space Center include the Naval Meteorology and Oceanography Command and the Naval Oceanographic Office, who are major operational users of the oceanographic and atmospheric research and development performed by the NRL. This unique concentration of operational and research oceanographies makes NRL-SSC the center of naval oceanography and the largest such grouping in the Western world.

The Marine Meteorology Division at Monterey, California, a tenant activity of the Naval Support Activity, Monterey Bay, is collocated with the Fleet Numerical Meteorology and Oceanography Center to support development of numerical atmospheric prediction systems and related user products. This collocation allows easy access to a large vector classified supercomputer mainframe, providing real time as well as archived global atmospheric and oceanographic databases for research at Monterey and at other NRL locations.

Accumulated Operating Results**(Dollars in Millions)**

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Revenue	548.0	548.9	540.1
Cost of Goods Sold	<u>542.3</u>	<u>556.6</u>	<u>564.6</u>
Net Operating Results	5.7	(7.7)	(24.5)
Other Adj affecting AOR	(1.9)	0	(1.7)
Previous Year AOR Balance	<u>30.1</u>	<u>33.9</u>	<u>26.2</u>
Accumulated Operating Results	33.9	26.2	0

The favorable Accumulated Operating Results (AOR) reflect additional economies and efficiencies effected throughout NRL.

Costs**(Dollars in Millions)**

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Direct Costs	425.9	418.2	422.5
Indirect Costs	<u>116.4</u>	<u>138.4</u>	<u>142.1</u>
Total Costs	542.3	556.6	564.6

Direct costs are steady through the budget years. FY 2001 estimate reflects \$3.3M of potential savings associated with A-76 competition and Business Process Reengineering.

Capital Purchase Program (CPP)**(Dollars in Millions)**

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Equipment-Non ADPE/ TELECOM	11.5	9.3	8.9
ADPE/Telecommunications Equipment/Software	2.4	4.6	5.3
Software Development	1.0	0.0	0.7
Minor Construction	1.1	1.1	2.3
 TOTAL	 <u>16.0</u>	 <u>15.0</u>	 <u>17.2</u>

This CPP plan provides a modest investment level that allows NRL to acquire needed technology to maintain a state-of-the-art facility to fulfill science and technology mission areas supporting the DON, DoD, and related customer programs. NRL's increase in FY 2001 minor construction authority is part of a BPR initiative to remodel/improve existing buildings that will be used to consolidate research divisions. Older/obsolete buildings will be demolished to reduce base operating costs.

Civilian Personnel

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Full Time Equivalent (FTE)	2,797	2,894	2,884
End-Strength	2,786	2,950	2,926

FY1999 includes the final savings projected in the NRL-DC Human Resources Office (HRO) operations due to DON regionalization plans and servicing ratio improvements. FY 2001 end strength estimate reflects potential savings from the A-76 competition (-14)and BPR initiative (-10).

Military Personnel

Military personnel levels will remain constant at 14 officers and 69 enlisted for a total of 83 billets.

Direct Labor Hours

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Current Submission	3,316,910	3,365,040	3,351,400

Direct labor hours are relatively stable. The minor reductions in FY 1999 reflect reduced staffing levels. A steady workforce profile is projected for FY 2000 and FY 2001 given the consistent customer funding plans.

Customer Rate Changes

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Average Customer Rate	\$86.45	\$89.65	\$87.85
Stabilized Rate Change	8.27%	3.70%	-2.01%

The Stabilized Customer Billing Rate consists of direct labor and applied overhead. Unique direct non-labor costs are billed on a reimbursable basis to the benefiting/ requiring customer.

Unit Cost

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
\$ Direct Labor + Overhead per direct labor hour	\$81.19	\$89.26	\$92.47

The change in cost per direct labor hour for FY 1999 and FY 2000 primarily reflects increases for annual inflation/price changes from year to year, partially offset by overhead cost reductions and efficiencies.

INDUSTRIAL BUDGET INFORMATION SYSTEM
 REVENUE and EXPENSES
 AMOUNT IN MILLIONS
 RES LABS / TOTAL

(NIFRPT)

PAGE 1

	FY 1999 CON	FY 2000 CON	FY 2001 CON
Revenue:			
Gross Sales			
Operations	537.7	534.7	522.9
Surcharges	.0	.0	1.7
Depreciation excluding Major Constructio	10.3	14.2	15.5
Other Income			
Total Income	548.0	548.9	540.1
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	3.2	3.3	3.5
Civilian Personnel	213.8	230.5	238.4
Travel and Transportation of Personnel	9.5	9.8	9.8
Material & Supplies (Internal Operations	54.1	47.3	48.3
Equipment	28.4	30.6	31.1
Other Purchases from NWCF	13.1	17.3	17.0
Transportation of Things	1.1	.9	.9
Depreciation - Capital	10.3	14.2	15.5
Printing and Reproduction	.5	.6	.6
Advisory and Assistance Services	.0	.0	.0
Rent, Communication & Utilities	15.7	17.9	17.3
Other Purchased Sevices	192.9	184.2	182.2
Total Expenses	542.6	556.6	564.6
Work in Process Adjustment	-.3	.0	.0
Comp Work for Activity Reten Adjustment	.0	.0	.0
Cost of Goods Sold	542.3	556.6	564.6
Operating Result	5.7	-7.7	-24.5
Less Surcharges	.0	.0	-1.7
Plus Appropriations Affecting NOR/AOR	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0
Extraordinary Expenses Unmatched	-1.9	.0	.0
Net Operating Result	3.8	-7.7	-26.2
Other Changes Affecting AOR	.0	.0	.0
Accumulated Operating Result	33.9	26.2	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
Source of Revenue
AMOUNT IN MILLIONS
RES LABS / TOTAL

(NIFRPT)

PAGE 1

	FY 1999 CON	FY 2000 CON	FY 2001 CON
1. New Orders	553.3	549.6	539.1
a. Orders from DoD Components	448.4	450.0	440.6
Department of the Navy	322.5	321.4	313.5
O & M, Navy	14.3	14.3	13.6
O & M, Marine Corps	.1	.0	.0
O & M, Navy Reserve	.0	.0	.0
O & M, Marine Corp Reserve	.0	.0	.0
Aircraft Porcurement, Navy	1.0	.8	.8
Weapons Procurement, Navy	.2	.1	.1
Ammunition Procurement, Navy/MC	.0	.0	.0
Shipbuilding & Conversion, Navy	2.4	2.2	2.2
Other Procurement, Navy	2.4	1.8	1.8
Procurement, Marine Corps	.0	.0	.0
Family Housing, Navy/MC	.0	.0	.0
Research, Dev., Test, & Eval., Navy	301.2	300.8	293.7
Military Construction, Navy	1.0	.0	.0
Other Navy Appropriations	.0	1.3	1.3
Other Marine Corps Appropriations	.0	.0	.0
Department of the Army	5.6	6.3	6.2
Army Operation & Maintenance	.6	.8	.8
Army Res, Dev, Test, Eval	4.5	5.2	5.1
Army Procurement	.4	.2	.2
Army Other	.0	.1	.1
Department of the Air Force	64.3	64.6	63.8
Air Force Operation & Maintenance	1.2	1.3	1.3
Air Force Res, Dev, Test, Eval	47.4	48.2	47.6
Air Force Procurement	15.7	15.1	14.9
Air Force Other	.0	.0	.0
DOD Appropriation Accounts	56.0	57.8	57.1
Base Closure & Realignment	.2	.0	.0
Operation & Maintence Accounts	1.8	1.8	1.8
Res, Dev, Test & Eval Accounts	50.8	52.6	52.0
Procurement Accounts	3.2	3.4	3.3
DOD Other	.0	.0	.0
b. Orders from NWCF Business Area	12.5	16.9	16.7
c. Total DoD	460.9	466.9	457.2
d. Other Orders	92.4	82.8	81.8
Other Federal Agencies	88.0	78.0	77.1
Foreign Military Sales	1.0	1.0	1.0
Non Federal Agencies	3.5	3.8	3.7

INDUSTRIAL BUDGET INFORMATION SYSTEM
 Source of Revenue
 AMOUNT IN MILLIONS
 RES LABS / TOTAL

(NIFRPT)

PAGE 2

	FY 1999 CON	FY 2000 CON	FY 2001 CON
2. Carry-In Orders	124.5	129.8	130.5
3. Total Gross Orders	677.8	679.5	669.6
4. Funded Carry-Over **	129.8	130.5	129.5
5. Less Passthrough	.0	.0	.0
6. Total Gross Sales	548.0	548.9	540.1
Adjusted Carry-Over	41.0	28.6	27.0

** Carry over data before adjustments for
 work-in-process, BRAC, FMS, non-DOD and
 contractual obligations.

Changes in the Cost of Operation
Activity Group: Research & Development
Sub-Activity Group: Naval Research Laboratory
FY 2001 President's Budget
Date: February 2000
(Dollars in Millions)

	<u>Expenses</u>
FY 1999 Actual:	542.6
FY 2000 Estimate in President's Budget:	549.7
Pricing Adjustments:	
Civilian Personnel	0.6
General Purchase Inflation	-0.3
Program Changes:	
In-house Workforce Reduction	-6.3
Revised Direct Reimbursable Cost Estimates, Primarily Contracts	17.0
Reduced Overhead Material & Supplies	-1.4
Revised Depreciation Estimate	-1.0
Reduced Overhead Contracts	-1.7
FY 2000 Estimate:	556.6
Pricing Adjustments:	
FY 2001 Pay Raise	
Civilian Personnel	5.1
Military Personnel	0.2
Annualization of Prior Year Pay Raise	3.2
General Purchase Inflation	5.0
Program Changes:	
Reduced Direct Reimbursable Contract Cost	-3.5
Additional Depreciation Costs	1.3
Productivity Initiatives and Other Efficiencies:	
Business Process Reengineering	-4.0
Costs of Studies and Anticipated Separation Costs for A-76 Competitio	0.7
FY 2001 Estimate:	564.6

Activity Group: Research & Development
Sub Activity Group: Naval Research Laboratory
FY 2001 President's Budget

Date: February 2000
(Dollars in Millions)

Line No.	Item Description	FY 1999		FY 2000		FY 2001	
		Quant	Total Cost	Quant	Total Cost	Quant	Total Cost
1001	Non-ADP Equipment (>\$1M)						
	Mobile Optical Data Collection Site	1	1.576				
	Total Non-ADP Equipment (>\$1M)	1	1.576	0	0.000	0	0.000
2001	Total Non-ADP Equipment (\$500K-\$999K)	2	1.820	3	1.905	3	1.650
3001	Total Non-ADP Equipment (<\$500K)	45	8.117	36	7.359	34	7.277
4001	Total ADP Equipment (\$500K-\$999K)	1	0.683	2	1.752	1	0.510
5001	Total ADP Equipment (<\$500K)	8	1.713	9	2.884	19	4.763
6001	Software Development (<\$500K)					1	0.200
6002	Defense Industrial Financial Management System (DIFMS)	1	0.980			1	0.537
	Total Software Development	1	0.980	0	0.000	2	0.737
7001	Total Minor Construction (<\$500K)	4	1.064	3	1.100	8	2.300
	TOTAL CAPITAL PURCHASE PROGRAM	62	15.953	53	15.000	67	17.237

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2001 PRESIDENT'S BUDGET							
B. Component/Activity Group/Date Department of the Navy Research and Development February 2000			C. Line No. & Item Description 2001. Various Non-ADP >\$500,000 <\$999,000				D. Activity Identification Naval Research Laboratory Washington, DC 20375							
			FY 1999			FY 2000			FY 2001					
Element of Cost			Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost
Various Non-ADP >\$500,000 <\$999,000			2		1820	3		1905	3		1650			
Narrative Justification: <u>FY 1999</u> Robotics Engineering Laboratory \$905K Sea-Going Acoustic Measurement System \$913K Enhancements for the Structural and Attitude Control Laboratory \$1,015 (FY 1998 project, transportation costs incurred during 1999) <u>FY 2000</u> EMI Test Facility \$750K Multi-Frequency Imaging System \$615K Airborne Surface Salinity Mapper \$540K <u>FY 2001</u> Robotics Laboratory Enhancements \$600K Geo-spatial Analysis Workstation Environment \$550K 50 Ton Crane \$500K														

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2001 PRESIDENT'S BUDGET							
B. Component/Activity Group/Date Department of the Navy Research and Development February 2000			C. Line No. & Item Description 4001. Various ADP >\$500,000 <\$999,000				D. Activity Identification Naval Research Laboratory Washington, DC 20375							
			FY 1999			FY 2000			FY 2001					
Element of Cost			Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost
Various ADP >\$500,000 <\$999,000			1		684	2		1752	1		510			
Narrative Justification: <u>FY 1999</u> High Speed Network Infrastructure \$684K <u>FY 2000</u> Dense Wave Division Multiplexed Optical Transmission System \$900K Advanced Operations Validation Center \$852K <u>FY 2001</u> Geo-spatial Analysis Workstation Environment \$510K														

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2001 PRESIDENT'S BUDGET					
B. Component/Activity Group/Date Department of the Navy Research and Development February 2000		C. Line No. & Item Description 6001. Software Development					D. Activity Identification Naval Research Laboratory Washington, DC 20375					
		FY 1999			FY 2000			FY 2001				
Element of Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost
Software Development							1		200			
Narrative Justification: <u>FY 2000</u> Network License Upgrade \$200K												

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2001 PRESIDENT'S BUDGET					
B. Component/Activity Group/Date Department of the Navy Research and Development February 2000		C. Line No. & Item Description 6002. Defense Industrial Financial Management System (DIFMS)					D. Activity Identification Naval Research Laboratory Washington, DC 20375					
		FY 1999			FY 2000			FY 2001				
Element of Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost
Software Development	1		980				1		537			
<p>Narrative Justification: The Under Secretary of Defense, Comptroller designated the Defense Industrial Financial Managment System (DIFMS) as the interim migratory system for the Working Capital Fund Reserarch and Development business area. Due to a delayed implementation date at NRL, the DIFMS CPP originally budgeted for FY 2000 has been deferred until FY 2001.</p>												

CAPITAL BUDGET EXECUTION
Department of the Navy - Navy Working Capital Fund
Activity Group: RESEARCH AND DEVELOPMENT/Sub Activity Group: NAVAL RESEARCH LABORATORY
FY 2000
FY 2001 Budget Estimate

PROJECTS ON THE FY 2001 PRESIDENT'S BUDGET
(Dollars in Millions)
February 2000

<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation/ Reason for Change</u>
	Equipment except ADPE and TELECOM					
2000	Equipment except ADPE and TELECOM <\$500K		7.707	7.359	(0.348)	1/
2000	Equipment except ADPE and TELECOM \$500K - 999K		1.905	1.905	0.000	
	Total Equipment except ADPE and TELECOM	0.000	9.612	9.264	(0.348)	
	Equipment - ADPE and Telecomm					
2000	Equipment - ADPE <\$500K		2.496	2.884	0.388	2/
2000	Equipment - ADPE \$500K - \$999K		1.792	1.752	(0.040)	3/
	Total Equipment - ADPE and Telecomm	0.000	4.288	4.636	0.348	
	Software Development					
2000	Defense Industrial Financial Management System (DIFMS)		0.537		(0.537)	4/
	Total - Software Development	0.000	0.537	0.000	(0.537)	
2000	Minor Construction					
	Total - Minor Construction <\$500K	0.000	1.100	1.100	0.000	
	Total FY 2000 Capital Purchase Program	0.000	15.537	15.000	(0.537)	

1/ Change was made to meet projected workload and critical research needs.

2/ Change was made to meet projected workload and critical research needs.

3/ Change for the Advanced Operations Validation Center reflect most current estimated cost for the item.

4/ Decrease was due to the deferral of the implementation date of DIFMS.

FY 2001 PRESIDENT'S BUDGET
Navy Working Capital Fund
Military Sealift Command
Budget Narrative

General Descriptions of Business Area: The Military Sealift Command (MSC) acts as the single manager operating agency for sealift services. MSC operates under the Working Capital Fund (WCF) in two separate capacities. This submission addresses MSC's Navy mission funded by the Navy Working Capital Fund (NWCF). This mission provides support to the Fleet Commanders-In-Chief and other DOD activities by servicing unique vessels and programs. The second mission, providing sealift support for DOD cargoes in peacetime, is performed under the auspices of USTRANSCOM.

Outputs and Customers through the NWCF: MSC supports CINCPACFLT, CINCLANTFLT, NAVSEA, COMNAVMETOPCOM, SPAWAR, DIRSSP, NAVO, Air Force and NDSF service requests with unique vessels and programs. The three programs budgeted through the Navy Working Capital Fund (NWCF) are:

1. Naval Fleet Auxiliary Force (NFAF) provides support utilizing civilian mariner manned non-combatant ships for material support.
2. Special Mission Ships (SMS) provide unique seagoing platforms.
3. Afloat Prepositioning Force - Navy (APF-N) deploys advance material for strategic lifts.

Significant Changes by Program:

NFAF: Changes from FY 1999 to FY 2000: Five additional harbor tugs and the shift of all harbor tug workload from reimbursable to per diem funding causes a significant increase in the number of per diem ship days.

From FY 2000 to FY 2001: Workload increases as a result of one additional harbor tug; otherwise workload is stable from FY 2000 to FY 2001.

SMS: Changes from FY 1999 to FY 2000 budget include the deactivation of the SILAS BENT and delivery of USNS BRUCE HEEZON (TAGS 64). The Cory Chouest is scheduled to redeliver during the third quarter of FY 2000. Finally, the USNS IMPECCABLE is scheduled to deliver in October 1999. The SMS program stabilizes from **FY 2000 to FY 2001** except for the deactivation of USNS KANE scheduled at midyear.

APF-N: Changes from FY 1999 to FY 2000 budget include full year of operations for USNS MARTIN and the Green Ridge returns to service in FY 2000 for 61 days. Program **changes from FY 2000 to FY 2001** are minimal.

FY 2001 PRESIDENT'S BUDGET
Navy Working Capital Fund
Military Sealift Command
Budget Narrative

ANALYSIS OF COST OF OPERATIONS (statistical): During FY 2000 MSC will operate several new ships. The USNS Shasta and a Maritime Prepositioning Force-Enhanced (MPF-E) ship will become fully operational. Additionally, the Cape Jacobs, a modular cargo delivery system (MCDS) vessel, begins service during FY 2000. The first of the undersea surveillance ships, T-AGOS 23 class vessels, begin service in the middle of FY 2000. MSC, in striving for new business, is increasing workload by chartering harbor tugs to help meet upcoming Navy requirements on a per diem basis. A second MPF-E ship will deliver in FY2001. FY 2000 MSC's budget reflects a realignment of \$19.0 million in costs between Navy and Transcom; this adjustment of costs is predicated on workload. Workload stabilizes between FY 2000 and FY 2001.

Table One: COST (\$ in Millions)

	FY 1999	FY 2000	FY 2001
TOTAL COST	1,211.5	1,243.2	1,304.8

REVENUE ANALYSIS: The NFAF program reflects increase for FY2000 with the addition of Harbor Tugs on per diem. FY 2001 reflects the return of prior year profits.

Table Two: REVENUE (\$ in Millions)

	FY 1999	FY 2000	FY 2001
TOTAL REVENUE	1,228.7	1,244.0	1,275.4

ANALYSIS OF AOR/NOR: The FY 2000 rates were computed to achieve a loss of \$13.7 million but current estimates reflect a loss of \$0.8 million. The net change over the two fiscal years is a positive \$29.4 million AOR. The FY 2001 rates were computed to result in an accumulated operating result of zero.

Table Three: AOR/NOR (\$ in Millions)

	FY 1999	FY 2000	FY2001
BEGINNING AOR	32.2	28.6	29.4
NET OPERATING RESULTS	(3.6)	0.8	(29.4)
ENDING AOR	28.6	29.4	0.0

ANALYSIS OF FINANCIAL CONDITIONS: Current estimate shows FY 2000 at an increased profit, which will have an overall positive effect on WCF cash. The FY 2000 AOR reflects a profit of \$0.8M vice a loss of \$13.7M contained in the Approved Budget.

FY 2001 PRESIDENT'S BUDGET
Navy Working Capital Fund
Military Sealift Command
Budget Narrative

Table Four: Financial Condition

	FY 1999	FY 2000	FY 2001
REVENUE	1,228.7	1,244.0	1,275.4
EXPENSE	1,211.5	1,243.2	1,304.8
NOR	(3.6)	0.8	(29.4)
TRANSFER	0.0	0.0	0.0
AOR	28.6	29.4	0.0

UNIT COST ANALYSIS: MSC operates under three distinct unit cost goals - one for each of the programs. All programs have cost/per day as their unit cost base. Costs will include only per diem expenses in their annual operating budget. Unit costs for FY2000 and out reflect the addition of Harbor Tugs. The APF-N unit cost is going down because the MPF-E ship, which begins service in FY 2000, costs \$35K+ per day vice \$76K+ per day for the 13 MPS vessels already in service.

Table Five: UNIT COST

	FY 1999	FY 2000	FY 2001
Cost per ship day			
NFAF	43,818	28,494	29,566
SMS	16,920	18,181	20,240
APF-N	72,155	69,381	72,992

WORKLOAD INDICATORS: The workload for FY 2000 and out reflect the addition of Harbor Tugs and other time charters on a per diem basis. The NFAF program reflects increase for FY 2000 with the addition of Harbor Tug on per diem. These programs are relatively stable from FY2000 through FY2001. with a few exceptions. The USNS IMPECCABLE arrives during FY 2000 while the SILAS BENT will deactivate during FY 2000 followed by the USNS KANE in FY 2001. An oceanographic survey ship (TAGS 64) and a MPF-E ship will come online during FY 2000.

Table Six - WORKLOAD

	FY 1999	FY 2000	FY 2001
Per Diem Ship Days			
NFAF	12,215	21,594	21,900
SMS	8,395	9,785	9,758
APF-N	4,450	5,673	5,628

HOW WORKLOAD LEVELS ARE OBTAINED: Budgeted workload estimates are provided directly by each funding sponsor. Since these are all dedicated ships, the programs receive their operational requirements directly from the sponsor by message or other direct communication.

FY 2001 PRESIDENT'S BUDGET
Navy Working Capital Fund
Military Sealift Command
Budget Narrative

CUSTOMER RATE PERCENTAGE CHANGES: The FY 2000 rates reflect the President's budget approved program and show the composite plus/(minus) from last years AOR estimate. FY 1999 changes are the requirement to recover a cash surcharge of \$20.8 million. There is no surcharge in FY 2000. FY 2001 changes are the result of FY 2000 changes plus the impact of AOR from FY 1999 and the previously established FY rates.

Table Seven - CUSTOMER RATE CHANGES

	<u>FY 1999 to FY 2000</u>	<u>FY 2000 to FY 2001</u>
NFAF	0.0%	4.8%
SMS	17.9%	16.7%
APF-N	(1.9%)	(2.0%)

MANPOWER TRENDS: **Direct:** The NFAF program reflects the addition of a T-AE and the transfer of various Military billets to the Civilian Mariners. **Ashore:** Reflect the efficiencies to be achieved from MSC's Reinvention Initiative.

Table Eight: Manpower by Major Program

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
End strength			
NFAF -civilian	2,929	3,020	3,168
-military	736	732	285
SMS -civilian	231	234	236
-military	33	33	27
APF-N -civilian	6	5	5
-military	69	69	24
Overhead -civilian	952	975	951
-military	191	185	187
Total End Strength	5,147	5,253	4,883
-civilian	4,118	4,234	4,360
-military	1,029	1,019	523

FY 2001 PRESIDENT'S BUDGET
Navy Working Capital Fund
Military Sealift Command
Budget Narrative

Workyears/FTE

NFAF -civilian	4,097	4,229	4,224
-military	734	732	285
SMS -civilian	289	293	296
-military	33	33	27
APF-N -civilian	8	6	6
-military	69	69	24
Overhead - civilian	942	967	928
- military	159	185	187
Total	6,331	6,514	5,977
-civilian	5,336	5,495	5,454
-military	995	1,019	523

OVERHEAD TRENDS/ANALYSIS: Overhead/G&A relates to all costs incurred by the ashore staff. MSC operates under two Working Capital Funds - Navy and DoD(TRANSCOM). In FY 2000, MSC's budget reflects a realignment of \$19.0 million in material and supply costs between these two entities. This adjustment between Navy and TRANSCOM reallocates costs based on workload. While the Navy overhead reflects an increase in FY 2000, total overhead costs have not increased.

Table Nine: Manpower and Overhead costs (\$ in millions)

	FY 1999	FY 2000	FY 2001
End strength			
Civilians	952	975	951
Military	191	185	187
Indirect Costs	\$119.5	\$138.8	\$147.1

Capital Purchase Program: The majority of CPP costs are associated with information technology efforts such as system development and acquisition of ADPE. MSC is migrating from the mainframe to a client/server environment to reduce costs by making MSC less reliant on costly software maintenance associated with mainframe type computers. The increase from FY 1999 to FY 2000 reflects the modernization of shipboard ADPE equipment and software.

FY 2001 PRESIDENT'S BUDGET
Navy Working Capital Fund
Military Sealift Command
Budget Narrative

Table Ten - Capital Purchase Program

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
ADPE/TELECOM		4.3	4.1
Software Development	2.9	4.5	3.2
Minor Construction	0	0	0
Total	2.9	8.8	7.3

PRODUCTIVITY INITIATIVES/COST REDUCTIONS: MSC continues to be in the forefront of total cost reductions through productivity initiatives. Each program is in some way affected by these initiatives. MSC continues to reexamine the MPS and NAVO operating contracts to produce cost reductions. MSC has reduced manning on three oilers operating as training ships on the West Coast. MSC has held costs by the use of volume discount on the procurement of lube oil and associated chemicals. The hull/propeller polishing program saves nine percent of fuel on the affected ships. MSC has initiated a program to test the lube oil for foreign matter and the use of vibration analysis to help project possible engineering failures before they happen. Automated Residual Asset Management, part of the Supply Management System, has streamlined the management of over 25,100 line items. These and other such programs have helped MSC keep costs increases at a minimum.

INDUSTRIAL BUDGET INFORMATION SYSTEM
 REVENUE and EXPENSES
 AMOUNT IN MILLIONS
 COMSC / TOTAL

(NIFRPT)

PAGE 1

	FY 1999 CON	FY 2000 CON	FY 2001 CON
Revenue:			
Gross Sales			
Operations	1,204.8	1,239.8	1,269.3
Surcharges	20.8	.0	.0
Depreciation excluding Major Constructio	3.2	4.2	6.1
Other Income			
Total Income	1,228.7	1,244.0	1,275.4
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	37.6	38.9	23.9
Civilian Personnel	281.3	291.8	299.7
Travel and Transportation of Personnel	9.8	13.5	13.7
Material & Supplies (Internal Operations	99.5	95.6	144.9
Equipment	41.4	26.9	30.7
Other Purchases from NWCF	.8	4.6	4.5
Transportation of Things	3.6	4.0	4.5
Depreciation - Capital	3.2	4.2	6.1
Printing and Reproduction	.2	.5	.5
Advisory and Assistance Services	.6	.9	.9
Rent, Communication & Utilities	417.3	445.9	446.4
Other Purchased Sevices	316.2	316.5	329.0
Total Expenses	1,211.5	1,243.2	1,304.8
Work in Process Adjustment	.0	.0	.0
Comp Work for Activity Reten Adjustment	.0	.0	.0
Cost of Goods Sold	1,211.5	1,243.2	1,304.8
Operating Result	17.2	.8	-29.4
Less Surcharges	-20.8	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0
Net Operating Result	-3.6	.8	-29.4
Other Changes Affecting AOR	0	.0	.0
Accumulated Operating Result	28.6	29.4	0

INDUSTRIAL BUDGET INFORMATION SYSTEM
Source of Revenue
AMOUNT IN MILLIONS
COMSC / TOTAL

(NIFRPT)

PAGE 1

	FY 1999 CON	FY 2000 CON	FY 2001 CON
1. New Orders	1,216.6	1,241.1	1,274.5
a. Orders from DoD Components	1,184.6	1,234.9	1,268.7
Department of the Navy	1,160.1	1,210.6	1,237.6
O & M, Navy	1,155.6	1,188.6	1,216.0
O & M, Marine Corps	.0	.0	.0
O & M, Navy Reserve	.0	.0	.0
O & M, Marine Corp Reserve	.0	.0	.0
Aircraft Porcurement, Navy	.0	.0	.0
Weapons Procurement, Navy	.0	.0	.0
Ammunition Procurement, Navy/MC	.0	.0	.0
Shipbuilding & Conversion, Navy	2.0	.5	3.2
Other Procurement, Navy	1.7	.0	.0
Procurement, Marine Corps	.0	.0	.0
Family Housing, Navy/MC	.0	.0	.0
Research, Dev., Test, & Eval., Navy	.7	.0	.0
Military Construction, Navy	.0	.0	.0
Other Navy Appropriations	.2	21.5	18.4
Other Marine Corps Appropriations	.0	.0	.0
Department of the Army	.1	.0	.0
Army Operation & Maintenance	.1	.0	.0
Army Res, Dev, Test, Eval	.0	.0	.0
Army Procurement	.0	.0	.0
Army Other	.0	.0	.0
Department of the Air Force	24.9	24.4	31.1
Air Force Operation & Maintenance	24.4	24.4	31.1
Air Force Res, Dev, Test, Eval	.0	.0	.0
Air Force Procurement	.0	.0	.0
Air Force Other	.4	.0	.0
DOD Appropriation Accounts	-.5	.0	.0
Base Closure & Realignment	-.6	.0	.0
Operation & Maintence Accounts	.1	.0	.0
Res, Dev, Test & Eval Accounts	.0	.0	.0
Procurement Accounts	.0	.0	.0
DOD Other	.0	.0	.0
b. Orders from NWCF Business Area	13.4	6.2	5.8
c. Total DoD	1,198.0	1,241.1	1,274.5
d. Other Orders	18.7	.0	.0
Other Federal Agencies	16.4	.0	.0
Foreign Military Sales	2.3	.0	.0
Non Federal Agencies	.0	.0	.0

Source of Revenue
AMOUNT IN MILLIONS
COMSC / TOTAL

	FY 1999 CON	FY 2000 CON	FY 2001 CON
2. Carry-In Orders	88.4	76.2	73.3
3. Total Gross Orders	1,305.0	1,317.3	1,347.8
4. Funded Carry-Over **	76.2	73.3	72.4
5. Less Passthrough	.0	.0	.0
6. Total Gross Sales	1,228.7	1,244.0	1,275.4
Adjusted Carry-Over	69.7	66.7	65.8

** Carry over data before adjustments for
work-in-process, BRAC, FMS, non-DOD and
contractual obligations.

FY2001 PRESIDENT'S BUDGET
Changes in the Costs of Operation
Military Sealift Command/Transportation
Congressional Submission
(Dollars in Millions)

	<u>Total Expenses</u>
FY 1999 Actual	1,211.5
FY 2000 Estimate in President's Budget:	1,245.1
Estimated Impact in FY 2000 of Actual FY 1999 Experience:	0.0
Pricing Adjustments:	
a. FY 2000 Pay Raise	
(1) Civilian Personnel	0.4
(2) Military Personnel	0.0
b. Annualization of Prior Year Pay Raises	
(1) Civilian Personnel	0.0
(2) Military Personnel	0.0
c. Fuel	0.0
d. Supplies	-0.1
e. General Purchase Inflation	-3.0
Productivity Initiatives & Other Efficiencies:	
a. Net of strategic sourcing initiatives	-0.5
b.	
Program Changes (list) as appropriate	
a. DLRs	0.0
b. Manning	0.0
c. Depot Maintenance	0.0
d. Commercial Augmentation	0.0
e. Military Augmentation	0.0
f. Rent/Utilities	0.0
g. Supplies	0.0
t. Travel	0.0
i. Depreciation	0.0
j. Communication	0.0
k. ADP Services	0.0
l. Other	0.0

Retention bonus	4.5
Increase for ship maintenance	9.0
Revised Harbor Tugs	-2.2
Revised days at sea	-4.2
Operation of Coast Guard Counter Drug (CD) T-A	9.2
SHASTA deployment delay	-3.3
NFAF customer demand changes	-6.8
DFAS Change	4.0
Civmar civpers change	-8.9
 FY 2000 Current Estimate:	 1,243.2
 Pricing Adjustments:	
a. FY 2001 Pay Raise	
(1) Civilian Personnel	4.4
(2) Military Personnel	0.9
b. Annualization of Prior Year Pay Raises	
(1) Civilian Personnel	8.2
(2) Military Personnel	0.0
c. Fuel	50.3
d. Supplies 1/	4.6
e. DLRs	0.0
f. General Purchase Inflation	11.7
 Productivity Initiatives & Other Efficiencies:	
a. Additional strategic sourcing initiatives	-0.2
b. CIVSUB - Priority III Manning	-2.6
 Program Changes:	
a. DLRs	0.0
b. Manning	0.0
c. Depot Maintenance	0.0
d. Commercial Augmentation	0.0
e. Military Augmentation	0.0
f. Flying Hour Change	0.0
g. Other	
ROS vs FOS for the USNS SHASTA	-15.1
Full year FOS OPS of USNS HEEZON	3.8
Full year FOS OPS of USNS IMPECCABLE	2.1
GREEN RIDGE Redelivery	-4.5
Inactivation of the SILAS BENT and KANE	-5.8

Other Changes:

a. Depreciation	1.9
b. General & Administrative	1.9

FY 2001 Estimate: 1,304.8

- 1/ Escalation shown on IF-4 is over 20% for ship supplies/equipment
vice the 1.5% used to develop budget

Business Area Capital Investment Summary

Component: Military Sealift Command

Business Area: Transportation

Date: Congressional Submission

(\$ in Millions)

Line Number	Item Description	FY 1999		FY 2000		FY 2001	
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
	Equipment						
	Replacement						
	Productivity						
	New Mission						
	Environmental Compliance						
	Sub-total	0	0.0	0	0.0	0	0.0
	ADPE & Telecomm						
	Computer Hardware (Production)						
C001	APM						
C002	TDMS				0.2		0.2
C003	LAN				4.1		3.9
	Computer Software (Operating)						
	Telecommunications						
	Other Communications and						
	Telecommunications Support						
	Equipment						
	Sub-total	0	0.0	0	4.3	0	4.1
	Software Development		2.9		4.5		3.2
C004	Systems		0.5		1.7		2.1
C005	LAN						
C006	TDMS				0.4		0.4
C007	APM				1.8		0.7
C008	COTS Initiative		2.4		0.6		
	Total	0	2.9	0	8.8	0	7.3

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(Dollars in Thousands)

A. Budget Submission
FY 2001 Planning Budget - Congressional

B. Component/Business Area/Date				C. Line No. & Item Description						D. Activity Identification		
Military Sealift Command/Transportation/ January 2000				C006 TDMS								
FY 1999				FY 2000			FY 2001			FY 2002		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Software Development					Varies	400		Varies	400			
Total	0		0	0		400	0		400	0		0

Narrative Justification:

The Technical Data and Management System (TDMS) provides CALS and industry compatibility. TDMS provides electronic storage, import, export, revision, reproduction, and distribution of MSC technical data for global engineering and logistics operations.

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(Dollars in Thousands)

A. Budget Submission
FY 2001 Planning Budget - Congressional

B. Component/Business Area/Date				C. Line No. & Item Description						D. Activity Identification		
Military Sealift Command/Transportation/ January 2000				C002 TDMS								
		FY 1999		FY 2000			FY 2001			FY 2002		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADPE					Varies	250		Varies	250			
Total	0		0	0		250	0		250	0		0

Narrative Justification:

TDMS equipment provides a secure physical archive and replaces the existing manual labor and intensive paper based system that has a high risk of loss of critical material due to age and handling.

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(Dollars in Thousands)

A. Budget Submission
FY 2001 Planning Budget - Congressional

B. Component/Business Area/Date				C. Line No. & Item Description						D. Activity Identification		
Military Sealift Command/Transportation/ January 2000				C003 LAN								
		FY 1999		FY 2000			FY 2001			FY 2002		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADPE					Varies	4,037		Varies	3,873			
Total	0		0	0		4,037	0		3,873	0		0

Narrative Justification:

The above represents MSC requirements to implement LANS at all ships.

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(Dollars in Thousands)

A. Budget Submission
FY 2001 Planning Budget - Congressional

B. Component/Business Area/Date				C. Line No. & Item Description						D. Activity Identification		
Military Sealift Command/Transportation/ January 2000				C004 Systems								
		FY 1999		FY 2000			FY 2001			FY 2002		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Software Development			500			1,750			2,050			
Total	0		500	0		1,750	0		2,050	0		0

Narrative Justification:

Systems

All systems operate on existing MSC or NCTS computers. All funds are for system design, test, implementation, documentation, and user training.

Certain systems providing ship schedule/voyage management and storage/archiving/distribution of ship technical data (drawings/technical manuals) are mission critical.

Various modules integrate existing worldwide procurement system with developing/deploying financial system; this ensures validation of accounting data at time of origination, and tracking of both procurement and funds control from obligation through payment.

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(Dollars in Thousands)

A. Budget Submission
FY 2001 Planning Budget - Congressional

B. Component/Business Area/Date				C. Line No. & Item Description						D. Activity Identification		
Military Sealift Command/Transportation/ January 2000				C007 APMC								
		FY 1999		FY 2000			FY 2001			FY 2002		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Development						1,800			700			
Total	0		0	0		1,800	0		700	0		0

Narrative Justification:

MSC has consolidated its civmar personnel functions at the Afloat Personnel Management Center (APMC.) The above funding will satisfy the requirement to migrate to a paperless environment - i.e. total automation of the AP process, automated workflow and documentation management.

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(Dollars in Thousands)

A. Budget Submission
FY 2001 Planning Budget - Congressional

B. Component/Business Area/Date				C. Line No. & Item Description						D. Activity Identification		
Military Sealift Command/Transportation/ January 2000				C008 COTS Initiative/FMSS								
		FY 1999		FY 2000			FY 2001			FY 2002		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Software Development		Varies	2,400		Varies	600						
Total	0		2,400	0		600	0		0	0		0

Narrative Justification:

Financial Management Systems Software (FMSS)

The above funding is required to meet the requirement of the CFO and has been addressed in various meetings with representatives from DFAS and the Department of the Navy. This requirement was generated as a result of the DODIG's review of MSC's financial practices in September 1997. If funding is not provided, MSC will not be compliant with the CFO Act, will experience Y2K defects, and will not have an acceptable financial module to use as a core system upon which SPS would operate.

CAPITAL BUDGET EXECUTION
Component: Military Sealift Command
Activity Group: Transportation
FY 2001 Budget Estimate
(\$ in Millions)

FY 1999/2000 PROJECTS IN THE FY 2000 PRESIDENT'S BUDGET

<u>FY</u>	<u>Approved Projects</u>	<u>PB Amount</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation</u>
99	Equipment except ADPE & Telcomm	\$0.0		\$0.0	\$0.0	\$0.0	
	ADPE & Telecomm						
	Software Development						
	TDMS/Systems/Lan	\$0.5	\$0.0	\$0.5	\$0.5	\$0.0	
	FMSS	\$2.4		\$2.4	\$2.4	\$0.0	
	Minor Construction	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
	TOTAL FY 1999	\$2.9	\$0.0	\$2.9	\$2.9	\$0.0	
00	Equipment except ADPE & Telcomm	\$0.0		\$0.0	\$0.0	\$0.0	
	ADPE & Telecomm						
	APM	\$0.8	-\$0.8	\$0.0	\$0.0	\$0.0	
	TDMS	\$0.2		\$0.2	\$0.2	\$0.0	
	LAN	\$6.3	-\$2.2	\$4.1	\$4.1	\$0.0	
	Software Development						
	TDMS/Systems/Lan	\$4.7	-\$0.8	\$3.9	\$3.9	\$0.0	
	FMSS	\$0.6	\$0.0	\$0.6	\$0.6	\$0.0	
	Minor Construction	\$0.0		\$0.0	\$0.0	\$0.0	
	TOTAL FY 2000	\$12.6	-\$3.8	\$8.8	\$8.8	\$0.0	Funds realigned to higher priority DON initiatives
01	Equipment except ADPE & Telcomm	\$0.0		\$0.0	\$0.0	\$0.0	
	ADPE & Telecomm						
	APM	\$0.7		\$0.7	\$0.7	\$0.0	
	TDMS	\$0.2		\$0.2	\$0.2	\$0.0	
	LAN	\$6.2		\$6.2	\$6.2	\$0.0	
	Software Development						
	TDMS/Systems/Lan	\$3.9	-\$3.7	\$0.2	\$0.2	\$0.0	Funds realigned to higher priority DON initiatives
	Minor Construction	\$0.0		\$0.0	\$0.0	\$0.0	
	TOTAL FY 2001	\$11.0	-\$3.7	\$7.3	\$7.3	\$0.0	

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
NAVY/INFORMATION SERVICES/FMSO
FY 2001 PRESIDENT'S BUDGET
FEBRUARY 2000

Activity Group Functions:

The Navy Fleet Material Support Office (FMSO) is a progressive, full service software design agency with over 30 years of proven experience providing high quality, on time products and services to customers, under the management of the Naval Supply Systems Command (NAVSUP). FMSO possesses a multi-talented workforce, highly experienced in state of the art systems development using information technology to design, develop, maintain, and environmentally support business systems.

Customer services provided include system design, analysis, programming, business process and data modeling, integration with interfacing information systems, documentation, configuration management, customer system training and others. Customers include Department of the Navy, Department of Defense (DOD), Non-DOD, other Federal, and authorized Foreign Military Sales. Major customers include NAVSUP and all of its field activities, the Defense Finance and Accounting Service Cleveland Center, the Defense Information Systems Agency, the Strategic Systems Project (SSP), the Royal Saudi Naval Forces, and the Defense Logistics Agency. FMSO is the first Navy activity to achieve a Capability Maturity Model (CMM) Level IV rating. The CMM rating certifies that FMSO is in a select group of software agencies, since fewer than three percent of all activities assessed have a rating of IV or higher.

Activity Group Composition:

Navy Fleet Material Support Office
Mechanicsburg, PA 17055

Financial Profile:

	FY 1999	FY 2000	FY 2001
Revenue	85.5	79.1	81.9
Cost of Goods Sold (\$ Millions)	84.9	81.0	79.6
Cash Surcharge	+1.1	0	0
Net Operating Results	-.6	-1.9	2.3
Accumulated Operating Results	-.4	-2.3	0

Cost of goods sold:

The decrease between FY 1999 and FY 2000 is attributed to a reduction in direct reimbursable costs, partially offset by pricing increases (including a \$1.146M DFAS cost adjustment) and an additional 18 civilian workyears. The decrease between FY 2000 and FY 2001 is attributed to reduced direct reimbursable costs and a decrease of 17 civilian workyears, partially offset by pricing increases.

Net Operating Result/Accumulated Operating Result:

The negative Net Operating Results in FY 1999 and FY 2000 are primarily caused by higher than budgeted pay raises and the change in DFAS' billing strategy for accounting support effective in FY 2000. The projected AOR for FY 2001 is \$0.

Workload:

	FY 1999	FY 2000	FY 2001
Direct Billable Hours	1,167,220	1,223,145	1,289,796

The increase in direct hours from FY 1999 to FY 2000 reflects additional staffing to accomplish anticipated customer workload. The increase in direct hours from FY 2000 to FY 2001 is due to an increase of 54 billable workyears (89,586 hours) to support the NAVSUP Consolidated Local Area Network function in FY 2001, partially offset by a reduction of 14 billable workyears (22,935 hours) based upon projected workload.

Performance Indicators:

	FY 1999	FY 2000	FY 2001
Timeliness	95%	95%	95%
Customer Satisfaction	85%	85%	85%
Quantity	98%	98%	98%

Performance Indicator: These measures are negotiated with our customers as part of a Service Level Agreement process. Timeliness of 95% means that 95% of the time we deliver on or before the required customer due date. Quantity of 98% means that we delivered the product 98% of the time within the quarter of the fiscal year required. Customer satisfaction surveys are sent to the actual users of the systems and data is tallied.

Unit Costs:

	FY 1999	FY 2000	FY 2001
Direct Labor Hour	\$55.51	\$56.65	\$57.88

Unit Cost represents cost per direct billable labor hours. Year to year cost growth is attributed to approved pay raises and non labor inflation rates.

Customer Rates:

		FY 1999	FY 2000	FY 2001
Average Stabilized Rate per Direct Labor Hour		\$53.15	\$55.37	\$60.26
Average Composite Rate Change		1.6%	4.2%	8.4%

Most customer work is performed at a Stabilized Rate per direct labor hour. The average rate change index includes work that is billed on a direct reimbursable basis. Changes between FY 1999 and FY 2000 are primarily due to pay raises and non labor inflation, partially offset by the elimination of the cash surcharge in FY 2000, and the prior year AOR recovery. The change between FY 2000 and FY 2001 is due to pay raises, non labor inflation, and significantly higher DFAS charges in both FY 2000 and FY 2001.

Staffing:

		FY 1999	FY 2000	FY 2001
Civilian End Strength		891	908	891
Civilian Work Years		879	908	891
Military End Strength		17	19	19
Military Work Years		16	19	19

Civilian staffing is projected to increase by 9 end strength and 29 civilian workyears to accomplish anticipated customer funded workload. Workload is projected to decline slightly in FY 2001, resulting in a reduction of 17 civilian end strength and workyears.

Capital Budget Authority:

		FY 1999	FY2000	FY 2001
ADP and Telecom (Millions)		0.500	0.500	0.500

Capital investment is necessary to continually update/upgrade the hardware and software used at FMSO to improve response time, reduce maintenance costs and keep FMSO on the leading edge of ADP technology.

INDUSTRIAL BUDGET INFORMATION SYSTEM
 REVENUE and EXPENSES
 AMOUNT IN MILLIONS
 FMSO / TOTAL

(NIFRPT)

PAGE 1

	FY 1999 CON	FY 2000 CON	FY 2001 CON
Revenue:			
Gross Sales			
Operations	84.0	78.5	81.3
Surcharges	1.1	.0	.0
Depreciation excluding Major Constructio	.4	.6	.6
Other Income			
Total Income	85.5	79.1	81.9
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	1.6	1.7	1.7
Civilian Personnel	57.1	61.3	62.6
Travel and Transportation of Personnel	.3	.8	.8
Material & Supplies (Internal Operations	.6	.7	.8
Equipment	.9	1.4	1.6
Other Purchases from NWCF	.2	1.5	1.6
Transportation of Things	.0	.1	.1
Depreciation - Capital	.4	.6	.6
Printing and Reproduction	.1	.2	.2
Advisory and Assistance Services	.0	.0	.0
Rent, Communication & Utilities	.6	.5	.4
Other Purchased Sevices	23.2	12.3	9.3
Total Expenses	84.9	81.0	79.6
Work in Process Adjustment	.0	.0	.0
Comp Work for Activity Reten Adjustment	.0	.0	.0
Cost of Goods Sold	84.9	81.0	79.6
Operating Result	.6	-1.9	2.3
Less Surcharges	-1.1	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0
Net Operating Result	-.6	-1.9	2.3
Other Changes Affecting AOR	.0	.0	.0
Accumulated Operating Result	-.4	-2.3	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
Source of Revenue
AMOUNT IN MILLIONS
FMSO

PAGE 1

	FY 1999 CON	FY 2000 CON	FY 2001 CON
1. New Orders	79.7	75.0	74.0
a. Orders from DoD Components	7.1	8.8	9.5
Department of the Navy	7.1	8.8	9.5
O & M, Navy	7.1	8.8	9.5
O & M, Marine Corps	.0	.0	.0
O & M, Navy Reserve	.0	.0	.0
O & M, Marine Corp Reserve	.0	.0	.0
Aircraft Procurement, Navy	.0	.0	.0
Weapons Procurement, Navy	.0	.0	.0
Ammunition Procurement, Navy/MC	.0	.0	.0
Shipbuilding & Conversion, Navy	.0	.0	.0
Other Procurement, Navy	.0	.0	.0
Procurement, Marine Corps	.0	.0	.0
Family Housing, Navy/MC	.0	.0	.0
Research, Dev., Test, & Eval., Navy	.0	.0	.0
Military Construction, Navy	.0	.0	.0
Other Navy Appropriations	.0	.0	.0
Other Marine Corps Appropriations	.0	.0	.0
Department of the Army	.0	.0	.0
Army Operation & Maintenance	.0	.0	.0
Army Res, Dev, Test, Eval	.0	.0	.0
Army Procurement	.0	.0	.0
Army Other	.0	.0	.0
Department of the Air Force	.0	.0	.0
Air Force Operation & Maintenance	.0	.0	.0
Air Force Res, Dev, Test, Eval	.0	.0	.0
Air Force Procurement	.0	.0	.0
Air Force Other	.0	.0	.0
DOD Appropriation Accounts	.0	.0	.0
Base Closure & Realignment	.0	.0	.0
Operation & Maintenance Accounts	.0	.0	.0
Res, Dev, Test & Eval Accounts	.0	.0	.0
Procurement Accounts	.0	.0	.0
DOD Other	.0	.0	.0
b. Orders from NWCF Business Area	68.6	62.3	60.1
c. Total DoD	75.7	71.0	69.6
d. Other Orders	4.1	3.9	4.3
Other Federal Agencies	.3	.0	.0
Foreign Military Sales	3.7	3.9	4.3
Non Federal Agencies	.0	.0	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
Source of Revenue
AMOUNT IN MILLIONS
FMSO / TOTAL

PAGE 2

	FY 1999 CON	FY 2000 CON	FY 2001 CON
2. Carry-In Orders	26.4	20.6	16.5
3. Total Gross Orders	106.1	95.6	90.5
4. Funded Carry-Over **	20.6	16.5	8.6
5. Less Passthrough	.0	.0	.0
6. Total Gross Sales	85.5	79.1	81.9
Adjusted Carry-Over	12.6	10.4	3.4

** Carry over data before adjustments for
work-in-process, BRAC, FMS, non-DOD and
contractual obligations.

CHANGES IN COST OF OPERATIONS
NAVY/INFORMATION SERVICES/FMSO
FY 2001 PRESIDENT'S BUDGET
FEBRUARY 2000

(DOLLARS IN MILLIONS)

1.	FY 1999 Current Estimated Actual	84.9
2.	FY 2000 Estimate in PY President's Budget	75.4
3.	Pricing Adjustments	0.2
a.	Civilian Pay Raise @ 4.8% vs. 4.4%	0.2
4.	Program Changes	5.4
a.	LAN Consolidation (transfer in)	
	(1) Civilian Personnel	4.0
b.	Communications (Project Modernization)	0.1
b.	Facility Maintenance by Contract	0.1
c.	ADP Services/Support	0.0
d.	Equipment Maintenance by Contract	0.0
e.	DFAS (cost of accounting services)	1.1
5.	FY 2000 Current Estimate	81.0
6.	Pricing Adjustments	2.7
a.	Annualization of Prior Year Pay Raises	0.7
b.	FY 2001 Pay Raise	1.7
	(1) Civilian Personnel	1.6
	(2) Military Personnel	0.0
c.	General Purchases Inflation	0.3
7.	Program Changes	-4.1
a.	Personnel Compensation	-1.0
b.	Travel	0.1
d.	Communications	-0.1
e.	ADP Services/Support	-3.4
f.	Non Capital Equipment	0.1
g.	Materials and Supplies	0.1
j.	Training/Tuition	0.1
8.	FY 2001 Current Estimate	79.6

CAPITAL INVESTMENT SUMMARY
NAVY/INFORMATION SERVICES/FMSO
FY 2001 PRESIDENT'S BUDGET
FEBRUARY 2000
(\$ in Millions)

Line Number	Item Description	FY 1999		FY 2000		FY 2001	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	Equipment						
	- Replacement						
	- Productivity						
	- New Mission						
	- Environmental						
	- Compliance						
	ADP & Telecom		0.5		0.5		0.5
	Software Development						
	Minor Construction						
	TOTAL		0.5		0.5		0.5

**NAVY/INFORMATION SERVICES/FMSO
FY 2001 PRESIDENT'S BUDGET
FEBRUARY 2000**

(\$ in Thousands)							A. Budget Submission FY 2001 President's B		
B. Component/Business Area/Date Navy/Information Services/FMSO February 2000				C. Line No. & Item Description ADP & Telecom			D. Activity Identification		
	FY 1999			FY 2000			FY 2001		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
1. LAN UPGRADE			\$500			\$500			\$500
<p>Narrative Justification:</p> <p>1. UPGRADE LOCAL AREA NETWORK (LAN): The purpose of this initiative is to upgrade the hardware/software for the FMSO LAN. This project is required to keep FMSO current with technology in order to operate efficiently.</p>									

CAPITAL PURCHASE PROGRAM EXECUTION
NAVY/INFORMATION SERVICES/FMSO
FY 2001 PRESIDENT'S BUDGET
FEBRUARY 2000
 (\$ in Millions)

<u>Title/Description</u>	<u>Original Request</u>	<u>FY 2000 Change</u>	<u>Revised Request</u>	<u>Explanation/Reason for Change</u>
LAN UPGRADE	0.500	0.000	0.500	
Total Capital Investment	0.500	0.000	0.500	

FY 2001 PRESIDENT'S BUDGET
NAVY WORKING CAPITAL FUND
ACTIVITY GROUP: INFO SERVICES/NRISO
FEBRUARY 2000

Activity Group Composition:

NAVAL RESERVE INFORMATION SYSTEMS OFFICE (NRISO)
NEW ORLEANS, LA

Activity Group Functions:

The Navy Working Capital Fund mission of the NRISO is to provide regional communication and automated Information systems (AIS) services to customers; to manage and direct remote facilities, as required; to provide local Information Services (IS) support in coordination with the regional center; and to design, develop and maintain standard Navy automated information systems. NRISO is a Base Level Computing IS service center which provides IS support to a wide range of DOD customers.

Customer Base:

NRISO customers include the Commander, Naval Reserve Recruiting Command; Naval Reserve Personnel Center; Naval Reserve Information Systems Office; Naval Air Systems Command; Office of the Under Secretary of Defense (Personnel & Readiness); United States Department of Agriculture; National Finance Center and Federal Crop Insurance Corporations.

Workload:

	FY 1999	FY 2000	FY 2001
Direct Labor Hours	106,936	103,125	124,914

Taking into consideration historical trends, normal attrition rates, and a projected customer workload requirement which is relatively stable, no significant increase in direct hours are projected from FY 1999 to FY 2000. In FY 2001, direct and indirect hours were realigned to better ensure proper identification of direct costs with customers.

Staffing:

	FY 1999	FY 2000	FY 2001
Civilian End Strength	96	96	96
Civilian Workyears	96	96	96

Estimates reflect a stable workforce to support anticipated customer requirements.

Unit Cost:

	FY 1999	FY 2000	FY 2001
Unit Cost per			
Direct Labor Hour	\$54.58	\$62.20	\$53.12

The unit cost increased from FY 1999 to FY 2000 due to the increase in costs associated with DFAS and the 4.8% pay raise. The FY 2001 unit cost decrease is due to the more proper of alignment of hours previously recorded as indirect to direct since they result from work for a specific customer.

Customer Rate Changes:

	FY 1999	FY 2000	FY 2001
Average Stabilized Labor Rate	\$49.29	\$55.21	\$54.31

The more proper alignment of labor hours is resulting in a reduction in the FY 2001 average stabilized labor rate.

Financial Profile:

	FY 1999	FY 2000	FY 2001
	(Dollars in Millions)		
Revenue	10.8	11.9	12.7
Cost of Goods Sold	13.5	12.4	12.5
Net Operating Results	(2.7)	(.5)	.2
Cash Surcharge	.4	0.0	0.0
Accumulated Operating Results	.3	(.2)	0.0

The Cost of Goods Sold is expected to remain fairly constant during the period FY 2000 and FY 2001. The FY 2001 Revenue is budgeted to recover FY 2001 costs and to the recover of the FY 2000 Accumulated Operating Results loss. The projected FY 2000 Net Operating Results loss of \$.5 million is primarily resulting from the increase in DFAS service costs.

Capital Budget Authority:

	FY 1999	FY 2000	FY 2001
	(Dollars in Millions)		
Equipment-Non ADPE/Telcom	\$0.0	\$0.0	\$0.0
ADPE/Telcom Equipment	\$0.5	\$0.1	\$0.0
Software Development	\$0.4	\$0.2	\$0.0
Minor Construction	\$0.0	\$0.0	\$0.0
Total	\$0.9	\$0.3	\$0.0

The FY 1999 and FY 2000 authority is required for a necessary LAN upgrade which will enable NRISO to modernize its equipment, develop automated tools for efficiency and cost improvements, and enable the command to market its services in a very economical way.

INDUSTRIAL BUDGET INFORMATION SYSTEM
REVENUE and EXPENSES
AMOUNT IN MILLIONS
NRISO / TOTAL

	FY 1999 CON	FY 2000 CON	FY 2001 CON
Revenue:			
Gross Sales			
Operations	10.4	11.9	12.6
Surcharges	.4	.0	.0
Depreciation excluding Major Construction	.0	.1	.1
Other Income			
Total Income	10.8	11.9	12.6
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	.0	.0	.0
Civilian Personnel	5.1	5.5	5.7
Travel and Transportation of Personnel	.3	.2	.2
Material & Supplies (Internal Operations)	.0	.0	.0
Equipment	2.4	1.1	1.4
Other Purchases from NWCF	.1	.4	.4
Transportation of Things	.4	.1	.1
Depreciation - Capital	.0	.1	.1
Printing and Reproduction	.0	.0	.0
Advisory and Assistance Services	2.7	3.5	3.2
Rent, Communication & Utilities	.5	.2	.2
Other Purchased Services	2.8	1.1	1.0
Total Expenses	14.2	12.4	12.5
Work in Process Adjustment	.0	.0	.0
Comp Work for Activity Reten Adjustment	-.7	.0	.0
Cost of Goods Sold	13.5	12.4	12.5
Operating Result	-2.7	-.5	.2
Less Surcharges	-.4	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0
Net Operating Result	-3.1	-.5	.2
Other Changes Affecting AOR	-.9	.0	.0
Accumulated Operating Result	.3	-.2	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
Source of Revenue
AMOUNT IN MILLIONS
NRISO / TOTAL

	FY 1999 CON	FY 2000 CON	FY 2001 CON
1. New Orders	11.0	12.3	12.7
a. Orders from DoD Components	9.7	10.8	10.3
Department of the Navy	4.3	3.7	4.4
O & M, Navy	3.3	3.7	2.9
O & M, Marine Corps	.0	.0	.0
O & M, Navy Reserve	1.0	.0	.4
O & M, Marine Corp Reserve	.0	.0	1.1
Aircraft Procurement, Navy	.0	.0	.0
Weapons Procurement, Navy	.0	.0	.0
Ammunition Procurement, Navy/MC	.0	.0	.0
Shipbuilding & Conversion, Navy	.0	.0	.0
Other Procurement, Navy	.0	.0	.0
Procurement, Marine Corps	.0	.0	.0
Family Housing, Navy/MC	.0	.0	.0
Research, Dev., Test, & Eval., Navy	.0	.0	.0
Military Construction, Navy	.0	.0	.0
Other Navy Appropriations	.0	.0	.0
Other Marine Corps Appropriations	.0	.0	.0
Department of the Army	.0	.0	.0
Army Operation & Maintenance	.0	.0	.0
Army Res, Dev, Test, Eval	.0	.0	.0
Army Procurement	.0	.0	.0
Army Other	.0	.0	.0
Department of the Air Force	.0	.0	.0
Air Force Operation & Maintenance	.0	.0	.0
Air Force Res, Dev, Test, Eval	.0	.0	.0
Air Force Procurement	.0	.0	.0
Air Force Other	.0	.0	.0
DOD Appropriation Accounts	5.4	7.1	5.9
Base Closure & Realignment	.0	.0	.0
Operation & Maintenance Accounts	.0	.0	.0
Res, Dev, Test & Eval Accounts	.0	.0	.0
Procurement Accounts	.0	.0	.0
DOD Other	5.4	7.1	5.9
b. Orders from NWCF Business Area	-.2	.0	1.3
c. Total DoD	9.5	10.8	11.6
d. Other Orders	1.5	1.5	1.1
Other Federal Agencies	1.5	1.5	1.1
Foreign Military Sales	.0	.0	.0
Non Federal Agencies	.0	.0	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
Source of Revenue
AMOUNT IN MILLIONS
NRISO / TOTAL

	FY 1999 CON	FY 2000 CON	FY 2001 CON
2. Carry-In Orders	5.8	5.9	6.3
3. Total Gross Orders	16.7	18.2	18.9
4. Funded Carry-Over **	5.9	6.3	6.3
5. Less Passthrough	.0	.0	.0
6. Total Gross Sales	10.8	11.9	12.6
 Adjusted Carry-Over	 3.7	 3.0	 2.9

** Carry over data before adjustments for
work-in-process, BRAC, FMS, non-DOD and
contractual obligations.

**FY 2001 President's Budget
NAVY WORKING CAPITAL FUND
ACTIVITY GROUP: INFO SERVICES/NRISO
Summary of Changes in Costs
February 2000**

	(Dollars in Millions)
	<u>Cost of Operations</u>
1. FY 1999 Actuals	14.2
2. FY 2000 President's Budget	17.1
3. Program Changes:	
a. Reduced costs for the DIMHRS/DFAS projects.	-2.3
b. Marine Corp Reserve project decreased customer requir	-1.1
c. Increased DFAS costs	0.4
d. Reduced COMNAVRESFOR work	-1.2
e. Reduced NAVAIR work	-0.5
4. FY 2000 Current Estimate	12.4
5. Pricing Adjustments:	
a. Annualization of Prior Year Pay Raises/FY00 Pay Raise	
(1) Civilian Personnel	0.3
b. Fund Price Changes	
c. General Purchases Inflation	
d. Other Price changes	
6. Productivity Initiatives and Other	
Efficiencies: Strategic Sourcing Savings	-0.2
a. Decreased contract labor costs in support of customers.	
7. Program Changes:	
8. FY 2001 Current Estimate	12.5

Claimant: COMNAVRESFOR Appropriation: NWCF	CAPITAL INVESTMENT SUMMARY Activity Group: Information Services Sub-Activity Group: Naval Reserve Information Systems Office Date: February 2000 (\$ in Millions)
---------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Line Number	Item Description	FY 1999		FY 2000		FY 2001	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	ADPE/TELCOMM Equipment - Replacement		.504		.065		.000
2	Software Development		.353		.187		.000
	TOTAL		.857		.252		.000

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Millions)	A. FY2001 President's Budget
----------------------------------------------------------------------------------	-------------------------------------

B. Component/Business Area/Date		C. Line No. & Item Description		D. Activity Identification	
Information Services/NRISO/February 2000		2 Software Development		N31020 - NRISO	
	FY 1999	FY 2000		FY 2001	

Element of Cost	Quantit	Unit	Total	Quantit	Unit	Total	Quantit	Unit	Total	
	y	Cost	Cost	y	Cost	Cost	y	Cost	Cost	
Software Development			.353			.187			.000	

See attached justification.

EXHIBIT FUND - 9B Capital Purchase Justification

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Millions)	A. FY2001 President's Budget
---------------------------------------------------------------------------	-------------------------------------

Component/Business Area/Date Information Services/NRISO/February 2000	C. Line No. & Item Description ADPE/TELCOMM Equipment/Software	D. Activity Identification N31020-NWCF
----------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------	---------------------------------------------------------

	FY 1999			FY 2000			FY 2001		
Element of Cost	Quantit y	Unit Cost	Total Cost	Quantit y	Unit Cost	Total Cost	Quantit y	Unit Cost	Total Cost
DPE/ TELCOMM Software Devel.			.504			.065			.000
			.353			187			.000

The purchase of the servers is required in support of NRISO automation and redesign efforts.

Benefits of the automation and redesign efforts include:

- Automated tools for decision support within the NWCF community
- Management would have insights into NWCF operations that could result in improved business efficiency and the attendant cost avoidances
- Lower costs and fewer opportunities for human error
- Source data input would be automated
- Source data would be transferred to up-line systems
- Increase in the ability of the NRISO to address user-requested functional enhancements
- A significant improvement in user productivity due to a client/server GUI application
- Increased visibility and improved data integrity of the in-use support equipment assets would be achieved through the implementation of the SERMIS Redesign
- Users would be given the option to view requested reports on-line rather than produce a printed copy in an effort to reduce print costs
- A uniform Configuration Management Process that would be used throughout the organization
- A decrease in training and maintenance costs associated with supporting multiple configuration management systems
- Level 2 CMM compliancy on configuration management policies
- A centralized repository containing information relevant to the NRISO business process that would reduce project costs, increase productivity, and provide a means to market services to prospective customers
- Individuals within the NRISO community would have the ability to document and research problems encountered with software development tools and their resolutions in an effort to avoid the duplication of efforts.

EXHIBIT: FUND 9B

FY2001 President's Budget
NAVY WORKING CAPITAL FUND
ACTIVITY GROUP: INFO SERVICES/NRISO
CAPITAL BUDGET EXECUTION
(Dollars in Millions)

		<u>FY 2000</u>		
<u>Title/Description</u>	<u>Original Request</u>	<u>Change</u>	<u>Revised Request</u>	<u>Explanation/Reason for Change</u>
Equipment (non-ADPE/TEL):	0.000	0.000	0.000	
Subtotal - Equipment	0.000	0.000	0.000	
ADPE and Telecomm Equip:	0.065	0.000	0.065	
Subtotal - ADPE/TEL Equip	0.065	0.000	0.065	
Software Development:	0.187	0.000	0.187	
Subtotal - Software Develop	0.187	0.000	0.187	
Minor Construction:	0.000	0.000	0.000	
Subtotal - Minor Construction	0.000	0.000	0.000	
TOTAL CAPITAL INVESTMEN	0.252	0.000	0.252	

FY 2001 PRESIDENT'S BUDGET
NAVY WORKING CAPITAL FUND
BASE SUPPORT/NAVY PUBLIC WORKS CENTERS
February 2000

ACTIVITY GROUP FUNCTION: The Navy Public Works Centers (PWCs) provide utilities services, facilities maintenance, family housing services, transportation support, engineering services and shore facilities planning support required by afloat and ashore operating forces and other activities.

PWCs have a unique command and control structure. They operate under the command of the regional commander who serves as Immediate Superior in Command (ISIC), and also under the technical direction of the Naval Facilities Engineering Command (NAVFAC) as major claimant.

The PWCs provide base support to military, Federal, state and local activities located within nine regional areas. Currently, PWCs provide support and services to Navy, Army, Air Force, Marine Corps, DoD, Coast Guard, National Aeronautics and Space Administration, state, and other Federal and non-Federal activities.

The mission of the PWCs is to provide clients with the best public works support and services to meet their diverse needs, thereby becoming the provider of choice.

ACTIVITY GROUP COMPOSITION:

<u>ACTIVITY</u>	<u>LOCATION</u>
PWC Great Lakes	Great Lakes, Illinois
PWC Guam	Agana, Guam, Marianas Islands
PWC Jacksonville	Jacksonville, Florida
PWC Norfolk*	Norfolk, Virginia
PWC Pearl Harbor	Pearl Harbor, Hawaii
PWC Pensacola	Pensacola, Florida
PWC San Diego	San Diego, California
PWC Washington	Washington, D.C.
PWC Yokosuka	Yokosuka, Japan

* PWC Detachment Philadelphia will be consolidated with PWC Norfolk effective 1 October 2000.

TABLE ONE - Financial Profile
(\$M)

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Revenue	1,852.0	1,585.1	1,566.4
Cost of Goods Sold	1,818.2	1,571.4	1,576.8
Operating Results*	33.8	13.7	-10.5
Accum. Operating Results	- 3.2	10.4	0.0

*FY 1999 NOR includes cash surcharges

Costs and revenue are reduced due to the impact Base Realignment and Closure (BRAC) actions, transfer of utility systems to local utility authorities and measures being taken by the PWCs to lower costs. Measures implemented by the PWCs to lower costs include: (1) utility cost savings from rate negotiations, (2) Commercial Activity (CA) Study savings, and (3) additional efficiency savings.

WORKLOAD CHANGES:

The PWC Detachment in Philadelphia will be consolidated with PWC Norfolk on 1 October 2000. This consolidation will allow for economies of scale such as reduced Defense Finance and Accounting Services (DFAS) costs.

Workload at PWC Jacksonville will decrease beginning in FY 2000 due to the BRAC closure of Cecil Field at the end of FY 1999. PWC controlled utility systems in Stockton, CA will be conveyed to the Port of Stockton in FY 2000. Also, PWC controlled utility systems located in Philadelphia will be conveyed to the City of Philadelphia in FY 2000.

In accordance with the Office of the Secretary of Defense (OSD) approval of the Army and Military Traffic Management Command proposal to put Weapons Station Concord, CA (WSC) in a Reduced Operating Status (ROS), PWC San Diego, Concord Detachment plans a parallel draw down through 30 September 2001 of the services it provides to the Weapon Station.

TABLE TWO - Workload

	<u>MEASURE</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
<u>UTILITY SERVICES</u>				
ELECTRICITY	MWH	4,356,771	4,211,279	4,163,687
POTABLE WATER	KGAL	23,193,417	22,826,447	22,324,098
SALT/RIVER WATER	KGAL	8,996,725	6,805,483	6,493,067
STEAM	MBTU	8,241,874	8,335,432	7,817,850
SEWAGE	KGAL	13,062,963	13,743,456	12,757,204
NATURAL GAS	MBTU	1,553,321	1,807,886	1,839,335
COMPRESSED AIR	KCF	6,728,254	6,978,019	6,988,244
<u>SANITATION SERVICES</u>				
REFUSE COLL & DISPOSAL	CUYD	4,284,563	3,718,679	3,412,313
PEST CONTROL	HOURS	79,189	68,443	66,682
HAZ WASTE I	GAL	594,222	469,226	592,533
HAZ WASTE II	LBS	11,926,962	9,605,395	7,830,266
INDUST WASTE	KGAL	159,467	47,741	55,046
ENVIRONMENTAL ENG	HOURL	295,297	156,934	84,552
ENVIRONMENTAL LAB	TEST	97,540	126,425	98,205
<u>TRANSPORTATION SERVICES</u>				
EQUIP RENTAL	HOURS	20,470,921	22,627,327	21,148,699
VEHICLE OPS	HOURS	956,187	733,633	709,415
<u>MAINTENANCE & REPAIR</u>				
SPECIFICS	JOBS	9,158	6,188	7,191
MINORS	ITEMS	21,225	19,562	18,431
EMERGENCY/SERVICE	CHITS	484,753	546,731	535,429
RECURRING	ITEMS	159,159	187,783	171,693
VEHICLE MAINTENANCE	SRO	175,620	146,831	130,596
CONTRACT SUPPORT (FSC)	WIP	445,216,437	0	0
CONTRACT SUPPORT (FSCC)	WIP	202,496,611	0	0

COMMERCIAL ACTIVITY STUDIES and COST SAVING EFFICIENCIES:

The PWCs have incorporated in this budget, savings from implementation of Commercial Activity Studies as part of the Strategic Sourcing effort. To remain competitive and provide products and services at lower costs, the PWCs are actively seeking ways to cut cost and improve efficiencies. Efficiencies built into this budget include: privatizing refuse derived fuel steam plant; reduction in purchased electricity rates; and electrical and steam distribution re-engineering process improvements.

PRIVATIZATION OF UTILITIES:

Defense Reform Initiative Directive (DRID) #9 and later DRID #49 directed the Military Departments to develop plans to privatize all electric, water, wastewater and natural gas utility systems except in cases where uneconomical or where unique security reasons required ownership by the Department. The PWCs are an integral part of the Navy's effort to meet the DRID goal of privatizing these systems by September 30, 2003.

UNIT COST:

The PWCs set productivity improvement goals concurrent with the establishment of the Navy Working Capital Fund (NWCf) through the FY 2001 budget cycle. Established Competitive Sourcing savings have been incorporated into this budget submission.

TABLE THREE - Rate Changes

	<u>FY 2000</u>	<u>FY 2001</u>
	<u>%</u>	<u>%</u>
East Coast and Great Lakes:		
Utilities and Sanitation	9.1	2.35
Other services	4.6	2.2
Composite	6.4	2.3
West Coast and Pacific		
Utilities and Sanitation	(5.7)	.3
Other services	1.7	1.2
Composite	(1.3)	.9

TABLE FOUR - Unit Cost

	<u>UNIT OF MEASURE</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
<u>UTILITY SERVICES</u>				
ELECTRICITY	MWH	78.77	81.34	82.47
POTABLE WATER	KGAL	2.68	3.08	3.19
SALT/RIVER WATER	KGAL	.69	0.67	0.73
STEAM	MBTU	13.93	15.09	16.42
SEWAGE	KGAL	4.56	4.45	4.91
NATURAL GAS	MBTU	6.36	5.85	6.14
COMPRESSED AIR	KCF	1.07	1.23	1.31
<u>SANITATION SERVICES</u>				
REFUSE COLL & DISPOSAL	CUYD	4.62	4.94	5.46
PEST CONTROL	HOURS	39.63	43.07	44.78
HAZ WASTE I	GAL	5.53	5.92	5.19
HAZ WASTE II	LBS	.70	0.96	1.15
INDUST WASTE	KGAL	37.65	128.43	122.77
ENVIRONMENTAL ENG	HOURL	30.13	68.67	138.01
ENVIRONMENTAL LAB	TEST	48.75	46.40	60.74
<u>TRANSPORTATION SERVICES</u>				
EQUIP RENTAL	HOURS	2.71	2.94	3.35
VEHICLE OPS	HOURS	49.83	54.64	59.52
<u>MAINTENANCE & REPAIR</u>				
SPECIFICS	JOBS	40,294.02	23,771.77	22,969.45
MINORS	ITEMS	4,876.43	4,957.52	4,551.57
EMERGENCY	CHITS	186.90	131.79	103.12
SERVICE	CHITS	132.13	129.26	137.98
RECURRING	ITEMS	1,179.94	1074.84	1,048.36
VEHICLE MAINTENANCE	SRO	62.90	79.01	88.63
CONTRACT SUPPORT (FSC)	WIP	0.09	0.00	0.00
CONTRACT SUPPORT (FSCC)	WIP	.14	0.00	0.00

PERFORMANCE INDICATORS:

EFFICIENCY - Key corporate performance measures for Navy PWCs have been established. The overall goal of the PWC Corporate Steering Group (CSG) is to establish metrics that measure products/services to gauge effectiveness, assist in the management of products/services, assure accountability, and assist in making sound budget decisions. Considerations for indicator changes must be meaningful to the user groups (e.g., PWCs, Naval Facilities Engineering Command, Assistant Secretary of the Navy (Financial Management and Comptroller), and OSD. Indicators are affected by product and service delivery, and are measured using existing

reporting systems without additional cost or establishment of a "measurement bureaucracy."

Although unit cost remains the primary efficiency measure, the PWCs also track Operating Results, Timeliness, Quality and Client Satisfaction.

TIMELINESS - Timeliness indicators are most important in the area of maintenance of real property. PWCs have established common standard definitions and performance targets for emergency, service, minor and specific work.

-- Emergency work requires immediate action to accomplish any or all of the following purposes: prevent loss or damage to government property, restore essential services that have been disrupted, and eliminate hazards to personnel or equipment. The goal is to complete the work in less than 24 hours.

-- Service work requires minimal planning or processing and can be accomplished in a short time, but is not of an emergency nature. The goal is next-day response and completion within 72 hours.

-- Minor work is larger than emergency/service work, but does not exceed \$25,000. The goal is response within 7 days and completion within 30 days.

-- Specific work is jobs that cost more than \$25,000. The goal is response within 90 days and completion within 150 days.

Mechanisms for tracking job completion have been installed at each PWC. Performance targets are reported quarterly, since the fourth quarter of FY 1996.

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Emergency Work Response (hrs)	3.3	3.3	3.3
Service Work Turnaround (hrs)	109.0	109.0	109.0
Minor Work Turnaround (days)	50.0	50.0	50.0
Specific Work Turnaround (days)	170.0	165.0	165.0

QUALITY - Although client satisfaction remains the best indicator of overall value, other indicators have been established having an immense impact on the productivity of the PWC client base:

Transportation available/utilization -- actual rental hours of equipment divided by total possible rental hours.

<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
94%	94%	94%

Lost Time Accident Rate -- percentage of productive time lost due to on-the-job injuries/accidents.

<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
2.80%	2.75%	2.75%

CLIENT SATISFACTION - Client satisfaction is considered to be the most important PWC product/service indicator since cost, quality, quantity, and timeliness affect the outcome. A survey is given to clients by each PWC annually. PWC Business Area average indices are tracked using a five-point scale. The client satisfaction goal is to achieve a .1 improvement each year through FY 2001.

TABLE FIVE - Client Satisfaction

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Overall Rating	4.1	4.2	4.3

CIVILIAN AND MILITARY MANPOWER - PWC civilian manpower is declining in response to the impact of the strategic sourcing studies as follows:

TABLE SIX - Manning

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Civilian End Strength	10,105	9,391	8,654
Civilian Work Years	10,332	9,499	8,941
Military End Strength	106	106	103
Military Work Years	106	106	103

**TABLE SEVEN - Capital Budget Authority
(\$M)**

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Equipment-Non ADPE/TELECOM >500K	2.962	3.380	2.021
Equipment-Non ADPE/TELECOM <500K	3.843	5.517	6.302
ADPE/TELECOM Equip.	1.436	.360	.360
Software Development	7.290	3.975	3.668
Minor Construction	<u>3.698</u>	<u>6.617</u>	<u>5.490</u>
Total	19.229	19.849	17.841

SUMMARY

The PWCs continue to strive to reduce costs and provide the highest quality products and services.

INDUSTRIAL BUDGET INFORMATION SYSTEM
 REVENUE and EXPENSES
 AMOUNT IN MILLIONS
 PWC / TOTAL

(NIFRPT)

PAGE 1

	FY 1999 CON	FY 2000 CON	FY 2001 CON
Revenue:			
Gross Sales			
Operations	1,807.2	1,565.9	1,547.1
Surcharges	28.2	.0	.0
Depreciation excluding Major Constructio	16.6	19.2	19.2
Other Income			
Total Income	1,852.0	1,585.1	1,566.4
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	8.5	8.4	8.4
Civilian Personnel	539.4	501.8	487.5
Travel and Transportation of Personnel	4.8	4.2	3.6
Material & Supplies (Internal Operations	163.1	142.7	151.9
Equipment	34.7	29.1	30.1
Other Purchases from NWCF	6.3	13.2	13.0
Transportation of Things	1.4	1.4	.8
Depreciation - Capital	16.6	19.2	19.2
Printing and Reproduction	1.9	2.0	2.0
Advisory and Assistance Services	.2	.5	.4
Rent, Communication & Utilities	376.4	383.8	380.3
Other Purchased Sevices	680.7	462.2	479.2
Total Expenses	1,833.9	1,568.4	1,576.6
Work in Process Adjustment	-15.7	3.0	.2
Comp Work for Activity Reten Adjustment	.0	.0	.0
Cost of Goods Sold	1,818.2	1,571.4	1,576.8
Operating Result	33.8	13.7	-10.5
Less Surcharges	-28.2	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0
Other Changes Affecting NOR/AOR	-7.1	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0
Net Operating Result	-1.5	13.7	-10.5
Other Changes Affecting AOR	2.1	.0	.0
Accumulated Operating Result	-3.2	10.4	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
Source of Revenue
AMOUNT IN MILLIONS
PWC / TOTAL

(NIFRPT)

PAGE 1

	FY 1999 CON	FY 2000 CON	FY 2001 CON
1. New Orders	1,691.5	1,498.1	1,512.8
a. Orders from DoD Components	1,296.5	1,096.9	1,092.8
Department of the Navy	971.4	876.1	865.0
O & M, Navy	855.3	771.3	760.2
O & M, Marine Corps	49.4	37.9	35.7
O & M, Navy Reserve	7.4	5.9	6.0
O & M, Marine Corp Reserve	1.5	1.0	1.1
Aircraft Porcurement, Navy	2.6	.6	.5
Weapons Procurement, Navy	.0	.0	.0
Ammunition Procurement, Navy/MC	.0	.0	.0
Shipbuilding & Conversion, Navy	1.2	1.7	1.6
Other Procurement, Navy	1.0	1.7	1.6
Procurement, Marine Corps	.0	.0	.0
Family Housing, Navy/MC	25.8	39.2	39.9
Research, Dev., Test, & Eval., Navy	4.4	1.3	.4
Military Construction, Navy	1.3	1.5	1.7
Other Navy Appropriations	21.4	13.8	16.0
Other Marine Corps Appropriations	.2	.2	.3
Department of the Army	33.1	22.8	22.3
Army Operation & Maintenance	15.8	14.8	14.8
Army Res, Dev, Test, Eval	.2	1.0	.6
Army Procurement	.0	.0	.0
Army Other	17.2	7.1	6.9
Department of the Air Force	33.6	28.8	28.1
Air Force Operation & Maintenance	30.2	27.0	26.0
Air Force Res, Dev, Test, Eval	.0	.0	.0
Air Force Procurement	.0	.0	.0
Air Force Other	3.4	1.8	2.2
DOD Appropriation Accounts	258.4	169.2	177.4
Base Closure & Realignment	7.5	5.4	2.0
Operation & Maintence Accounts	173.3	100.9	99.2
Res, Dev, Test & Eval Accounts	1.8	3.1	3.7
Procurement Accounts	7.0	36.7	42.4
DOD Other	68.7	23.2	30.2
b. Orders from NWCF Business Area	304.4	321.6	335.7
c. Total DoD	1,600.9	1,418.6	1,428.5
d. Other Orders	90.6	79.6	84.3
Other Federal Agencies	12.1	11.9	12.1
Foreign Military Sales	.0	.1	.1
Non Federal Agencies	78.5	67.6	72.2

Source of Revenue
AMOUNT IN MILLIONS
PWC / TOTAL

	FY 1999 CON	FY 2000 CON	FY 2001 CON
2. Carry-In Orders	630.4	469.9	382.9
3. Total Gross Orders	2,321.9	1,968.0	1,895.7
4. Funded Carry-Over **	469.9	382.9	329.4
5. Less Passthrough	.0	.0	.0
6. Total Gross Sales	1,852.0	1,585.1	1,566.4
Adjusted Carry-Over	132.7	118.4	89.4

** Carry over data before adjustments for
work-in-process, BRAC, FMS, non-DOD and
contractual obligations.

FY 2001 President's Budget Submission
Navy Working Capital Fund
Activity Group: Base Support/PWC

CHANGES IN THE COSTS OF OPERATIONS
(\$ in Millions)

1. FY 1999 Estimate	1,833.9
2. FY 2000 Estimate in President's Budget:	1,734.8
3. Estimated Impact in FY 2000 of Actual FY 1999 Experience:	
Increased labor costs due to increased employer retirement contributions, increased FICA and health benefit costs	3.2
Reduced electricity purchase cost	(7.6)
Increased steam production costs	5.0
4. Pricing Adjustments:	
Increase due to pay raise adjustment	1.4
General Inflation reduction	(4.9)
5. Productivity Initiatives and Other Efficiencies:	
Increased strategic sourcing cost savings	(7.1)
6. Program Changes:	
Increased Separation Costs	2.0
Increased Defense Finance and Accounting Services (DFAS) costs	2.9
Increase Detachment Charleston utility systems maintenance repair projects	0.5
Decreased reimbursable contract workload	(151.7)
Transfer of the Stockton utilities commodities to the Port of Stockton	(0.5)
Regionalization of FISC maintenance personnel into the PWCs	2.1
Decreased reduced workload due to Cecil Field BRAC closure	(5.9)
Decreased workload due to regionalization efforts	(5.8)
7. FY 2000 Current Estimate:	1,568.4
8. Pricing Adjustments:	
Pay Raise:	
FY 2001 CIVPERS Pay Raise	9.3
Annualization of FY 2000 Pay Raise	8.4
Fuel	11.9
Material and Supplies	2.4
General Purchases	13.1
DFAS bill increases	0.3
9. Productivity Initiatives and Other Efficiencies:	
Strategic Sourcing savings	(28.6)
Environmental and material reorganization savings	(2.8)
10. Program Changes:	
Increased workload due to regionalization efforts	0.6
Other	(0.2)
Alternative Fuel Vehicles	3.4
Transfer of the Philadelphia utilities to the City of Philadelphia	(9.6)
11. FY 2001 Current Estimate:	1,576.6

FY 2001 President's Budget
Navy Working Capital Fund
Activity Group: Base Support/PWC
February 2000

Line No.	Item Description	FY 1999		FY 2000		FY 2001	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	<u>Non-ADP Equipment (>\$500K)</u> Replacement (List)						
L01	ECC 8249 CRANE TRUCK MTD HYD DED 51 TON & UP	1	0.510	3	1.818	3	2.021
L02	ECC 8219 CRANE TRUCK MTD 2-ENG PRT	2	1.522	1	1.016	0	0.000
L03	ECC 8246 CRANE TRUCK MTD HYD DED 20-50 TON	0	0.000	1	0.546	0	0.000
L04	ECC 8253 CRANE WHL MTD SWING CAB 4X4 15 TON & UP	2	0.930	0	0.000	0	0.000
	Productivity (List)						
	New Mission (List)						
	Environmental Compliance (List)						
	Total Non-ADP Equipment (>\$500K)	5	2.962	5	3.380	3	2.021
L05	Total Non-ADP Equipment (>\$100K<\$500K)	23	3.364	29	5.517	36	6.302
	Grand Total Non-ADP Equipment	28	6.326	34	8.897	39	8.323
	<u>ADP Equipment & Telecommunications (>\$500K) (List)</u>						
	Total ADP Equipment & Telecommunications (>\$500K)	0	0.000	0	0.000	0	0.000
L06	Total ADP Equipment & Telecommunications (>\$100K<\$500K)	7	1.436	3	0.360	3	0.360
	Grand Total ADP Equipment & Telecommunications	7	1.436	3	0.360	3	0.360
	<u>Software Development (>\$500K) (List) - Externally Developed</u>						
L07	DWAS/COTS	1	3.079	1	2.775	1	2.943
L08	MAXIMO	1	2.965	1	1.200	1	0.725
	Total Software Development (>\$500K)	2	6.044	2	3.975	2	3.668
L09	Total Software Development (>\$100K<\$500K) - Externally Developed	5	1.245	0	0.000	0	0.000
	<u>Software Development (>\$500K) (List) - Internally Developed</u>						
	Total Software Development (>\$100K<\$500K) - Internally Developed	0	0.000	0	0.000	0	0.000
	Grand Total Software Development	7	7.289	2	3.975	2	3.668
L10	Total Minor Construction (>\$100K<\$500K)	13	3.695	24	6.617	20	5.490
	Total Capital Purchase Program	55	18.746	63	19.849	64	17.841

Exhibit Fund-9a Capital Investment and Financing Summary

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. FY 2001 President's Budget		
B. Department of the Navy/Base Support February 2000		C. L01 ECC 8249 CRANE TRUCK MTD HYD DED 51 TON			D. Public Works Centers				
	FY 1999			FY 2000			FY 2001		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADP Equipment (>\$500K) Replacement	1	510.00	510	3	606.00	1,818	3	673.67	2,021
Narrative Justification:									
<p>PWC Guam has a crane due for replacement in FY 2000 as it has an expected shore life of ten years. With the harsh salt water environment in Guam, they are experiencing tremendous maintenance increases after eight years of life. Anything kept past the ten year period will cause tremendous increased maintenance cost, increased downtime, customer delays, and increased overtime. There is also a safety issue as the crane is used for ship and shore support and ammunition operations.</p> <p>The crane for PWC Pearl Harbor is a replacement for a crane that, due to it's age, continues to break- down resulting in increased maintenance repair costs and loss of revenue. Due to urgency of customer requirements for this type of equipment, commercial rentals cost three times more than PWC owned equipment. This crane will replace a 1986 All Terrain 60 Ton Crane. If not replaced, maintenance costs will continue to increase with longer downtime due to obsolete repair parts as most equipment manufacturers are only required to maintain an inventory of support parts for ten years. Additionally, a loss of approximately 744 hours of income will result from excessive downtime hours.</p> <p>Another crane will replace an older smaller crane that has high maintenance costs and excessive down time. The new crane is also larger and mobile in order to handle the newer ships which are higher and wider that are home ported at PWC Yokosuka. The current cranes do not have the boom length or capacity to service these ships.</p> <p>The four cranes at PWC Norfolk will replace over-aged equipment and are part of an overall plan to reduce the total number of cranes by purchasing cranes with more diverse capability, thereby, meeting several different needs rather than having one specific purpose. The cranes are used by PWC Norfolk for waterfront support operations at the Naval Station Norfolk and Naval Amphibious Base at Little Creek. Currently there are 33 cranes is use, down from 48 in FY 1993. The cranes being replaced are past the the useful life expectancy with an average age of 15 years. To maintain a level of reliability and safety, the cranes need to be replaced. Preinvestment analysis shows that maintenance costs will be reduced by up to 50% if the cranes are replaced with new Navy owned assets. Lease cost for the required cranes is over \$250K on an annual basis and over \$1M for rental on an as-needed basis. Due to the high cost of leasing, the most effective method of providing this crucial service is to purchase replacement cranes.</p>									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)						A. FY 2001 President's Budget			
B. Department of the Navy/Base Support February 2000		C. L02 ECC 8219 CRANE TRUCK MTD 2-ENG PRT			D. Public Works Centers				
	FY 1999			FY 2000			FY 2001		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADP Equipment (>\$500K) Replacement	2	761.00	1,522	1	1,016.00	1,016	0	0.00	0
Narrative Justification:									
<p>The twin engine crane truck at PWC San Diego is used for loading and unloading pier-side ships. The economic analysis not only revealed excessive operational costs associated with maintain the present but there are also safety and fleet readiness issues that make replacement the best solution. During crane failure, the crane operators, sailors, other workers, and visitors on the pier are at risk of injury. Also during crane downtime, there is no revenue earned to offset crane costs. The budgeted costs and customer rate reflect crane replacement. Finally is an acceptable crane is not available to on-load and offload ships, manual effort is required. Sailors must load and offload foodstuffs, replacement parts, and ammunition. The risk of injury is high and the time needed for a manual operation may have critical repercussions in out-loading sequence. In addition, there are some items that cannot be manually loaded because of weight and size.</p> <p>The crane at PWC Norfolk will replace over-aged equipment and is part of an overall plan to reduce the total number of cranes by purchasing cranes with more diverse capability, thereby, meeting several different needs rather than having one specific purpose. The cranes are used by PWC Norfolk for waterfront support operations at the Naval Station Norfolk and Naval Amphibious Base at Little Creek. Currently there are 33 cranes is use, down from 48 in FY 1993. The crane being replaced is past the useful life expectancy of 10 years. To maintain a level of reliability and safety, the unit needs to be replaced. Preinvestment analysis shows that maintenance costs will be reduced by up to 50% if the crane is replace with new Navy owned assets. Lease cost for the required crane with this capacity is over \$7M on an annual basis. Due to high cost of leasing, the most effective method of providing this crucial service is to purchase a replacement crane.</p>									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. FY 2001 President's Budget		
B. Department of the Navy/Base Support February 2000	C. L03 ECC 8246 CRANE TRUCK MTD HYD DED 20-50 TON			D. Public Works Centers					
	FY 1999			FY 2000			FY 2001		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADP Equipment (>\$500K) Replacement	0	0.00	0	1	546.00	546	0	0.00	0
Narrative Justification: The crane for PWC Pearl Harbor is a replacement for a crane that, due to it's age, continues to break down resulting in increased maintenance repair costs and loss of revenue. Due to urgency of customer requirements for this type of equipment, commercial rentals cost three times more than PWC owned equipment. This crane will replace a 1988 60 ton crane. Overtime costs for unscheduled maintenance and repairs will be reduced, while rental income hours will increase due to increased hours of availability. The increased capacity of the new equipment will allow for larger and safer lifts.									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. FY 2001 President's Budget		
B. Department of the Navy/Base Support February 2000	C. L04 ECC 8253 CRANE WHL MTD SWING CAB 4X4 15 T			D. Public Works Centers					
	FY 1999			FY 2000			FY 2001		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADP Equipment (>\$500K) Replacement	2	465.00	930	0	0.00	0	0	0.00	0
Narrative Justification: PWC Jacksonville purchased two cranes as part of their overall strategy to replace over-aged cranes with more versatile cranes able to handle the newer ships which are taller and wider.									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)						A. FY 2001 President's Budget			
B. Department of the Navy/Base Support February 2000		C. L05 Total Non-ADP Equipment (>\$100K<\$500K)			D. Public Works Centers				
	FY 1999			FY 2000			FY 2001		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADP Equipment (>\$100K<\$500K) Productivity	23	146.26	3,364	29	190.24	5,517	36	175.06	6,302
Narrative Justification:									
<p>In FY 2000, the purchase of CESE item ECC code 0756 is needed for replacement of a Truck Tank AVGAS/Jetfuel. The truck is designed to refuel aircraft and will replace overage equipment. Since this equipment is used at Naval Station Mayport where the corrosion level is high, it is necessary to replace this equipment to prevent possible leaks, reduce extended downtime for maintenance, and improve safety. Newer tank trucks have better technology and are more environmentally safe. In FY 2000 and 2001 PWC Jacksonville needs ECC 5460 for safety purposes. The Platform Maintenance Truck-Manlift will provide the safest means of lifting personnel to work on ships from the pier. It complies with OSHA standards and eliminated personnel being lifted by manbaskets using cranes, allowing the crane to perform more effectively. It is cost effective because having the truck on site would allow PWC to be readily available to provide better customer service, eliminating the time and expense of contract actions, delivery fees, and drop-off/pick-up times delays. This could save up to 25% and keep the ships on schedule. Finally, The purchase of ECC 5408, Cleaner Vacuum S-P Airfield is needed to remove debris from runways and taxi areas to prevent FOD from damaging aircraft. The current equipment is overage and should be replaced resulting in less air traffic delays, and increased efficiency due to better technology.</p>									
<p>The two truck overhead maintenance aerial service platforms need to be replaced. The breakdown maintenance problems with keeping this equipment in a safe and operable condition is increasing. Failure to replace overaged equipment has tripled the amount of overtime hours required to keep these units operational. Downtime will increase as lead times lengthen due to repair parts obsolescence. The State of Hawaii Department stated that the present methods of simply drying the sludge and monofilling the dried material in an unlined landfill are inadequate. The landfill must be lined and closure plans in place for the operation to continue. A tub grinder is required to co-compost the sludge. The crawler/crusher is also part of ongoing efforts to implement Executive Order 12783 to reduce solid waste disposal. And the trommel screening plant is needed because the present compost volume generated by the Bioremediation Treatment Facility has exceeded the initial design equipment capacities. In order to maintain compliant operations at this facility, it is necessary that a trommel screening plant be acquired as a requirement of permit #CO-0037-95. Failure to meet this requirement could subject PWC Pearl Harbor to a notice of violation, fines and penalties and/or to cease operation. The crane carrier torpedo ded will replace two cranes carrier 15 ton, and one crane carrier 18 ton. The new crane will have increased capacity as well as be more versatile and have advanced technology</p>									
<p>PWC San Diego's CESE and IPE equipment supports customer repair, construction, maintenance, utilities, transportation and environmental requirements. CESE equipment is composed primarily of specialized vehicles such as pole maintenance trucks, platform maintenance trucks, refuse collection trucks, self propelled vacuum vehicles, reel handling trucks, wreckers and cranes. IPE consists of specialized equipment used to support the environmental lab (automated sample extractor, gas chromatograph, spectrometer), the hazardous waste commodity (rotary drum), and the utilities commodity (CO2 electrical cleaner, mobile water facility, sewer video camera system. These equipment purchases will replace equipment that is over-aged or beyond economical repair. This will reduce workload delays and equipment downtime. Replacement will provide safer, more efficient work use, better response time, and less maintenance costs which will result in better customer service and satisfaction.</p>									
<p>Equipment at PWC Norfolk included fuel tankers, maintenance and line trucks, maintenance platforms, gas chromatograph/mass spectrometer, robotics, generators, portable substations, and a portable fire truck. Generators are used to maintain the reliability of the electrical distribution systems throughout the areas serviced. Reel handling trucks are used to connect and disconnect ship to shore utilities at the piers for NNSY, Norfolk Naval Station, and Little Creek Amphibious Base. Maintenance pole and line trucks and platforms are used for maintenance of overhead utilities (electricity and steam), facilities repair and maintenance, and shipboard maintenance and repair. Fire pumps are used to provide saltwater cooling for nuclear surface ships and submarines and fire protection for ships. Preinvestment analysis shows an average savings of 35 percent of the maintenance costs over the current overage equipment. Revenue from customers would more than pay for the equipment in two years. The environmental equipment is used in analyses performed to prevent violations of the Clean Water and the Virginia Pollutant Discharge and Elimination System (VPDES). Current equipment does not allow for the volume and diversity of tests required. Many of the tests are not available locally and must be air expressed to a contractor capable of performing the tests. Failure to complete the tests in a timely manner can result in violations (fines can average \$10K per day/per violation.)</p>									
<p>PWC Guam will replace a dump truck, maintenance trucks, and tractor trucks which have surpassed their useful life in accordance with the guidelines in the P-300.</p>									
<p>PWC Great Lakes will purchase a cleaner basin/manhole vac/hyd truck mtd to replace over-aged equipment following guidelines in the P-300.</p>									
<p>PWC Washington will purchase 2 AVGAS/JETFUEL tank trucks to replace overaged equipment that is no longer economical to repair and the IM-240 emissions testing equipment to comply with the Clean Air Act.</p>									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. FY 2001 President's Budget		
B. Department of the Navy/Base Support February 2000	C. L06 ADP Equipment & Telecommunications (>\$100K<\$500K)			D. Public Works Centers					
	FY 1999			FY 2000			FY 2001		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP Equipment & Telecommunications (>\$100K<\$500K)	7	205.14	1,436	3	120.00	360	3	120.00	360
Narrative Justification:									
PWC San Diego's ADP Equipment is composed of GEMS 2 servers/stations, ATM NIPRNET system, switch and upgrade, MS exchange system, META-FRAME system, fiber-optic system and infrastructure upgrade. These systems will improve the connectivity within the command and support the various MIS (financial & operation) systems currently operating in addition to meeting various established IT criteria. This information management equipment supports the PWC MIS in automating information with the PWC and to the customer. It provides management with the necessary tools to meet their requirements in all areas of business. It also provides better customer support and quicker response time due to more efficient means and connectivity. Both internal and external customers are able to access necessary data via the information NET, thus enhancing their ability to accomplish their mission and manage their resources.									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. FY 2001 President's Budget		
B. Department of the Navy/Base Support February 2000	C. L07 DWAS/COTS			D. Public Works Centers					
	FY 1999			FY 2000			FY 2001		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development (>\$500K)	1	3,079.00	3,079	1	2,775.00	2,775	1	2,943.00	2,943
Narrative Justification: The Defense Working Capital Accounting System (DWAS) is a data entry accounting system that satisfies the Chief Financial Officers' Act by producing a transaction-driven Standard General Ledger. It was intended for low transaction, on line input, but has been modified to accept PWC data through various batch interfaces.									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. FY 2001 President's Budget		
B. Department of the Navy/Base Support February 2000	C. L08 MAXIMO			D. Public Works Centers					
	FY 1999			FY 2000			FY 2001		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development (>\$500K)	1	2,965.00	2,965	1	1,200	1,200	1	725.00	725
Narrative Justification: There are a myriad of financial system feeders at the PWCs to support production lines, material, contracts, labor and assets. The PWCs have agreed on a corporate suite of standard systems in order to reduce the total number of diverse feeders, and thereby reduce the support maintenance costs. PWCs are migrating to the standard systems. The largest and most comprehensive of the feeders is MAXIMO, which supports production and material and is compatible with the DWAS/COTS.									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. FY 2001 President's Budget		
B. Department of the Navy/Base Support February 2000	C. L09 Software Development (>\$100K<\$500K)			D. Public Works Centers					
	FY 1999			FY 2000			FY 2001		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development (>\$100K<\$500K)	5	249.00	1,245	0	0.00	0	0	0.00	0
Narrative Justification:									
PWCs San Diego and Norfolk purchased Fleet Manager to resolve the Y2K issues with the current NFTS system and to integrate with MAXIMO.									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. FY 2001 President's Budget		
B. Department of the Navy/Base Support February 2000		C. L10 Minor Construction (>\$100K<\$500K)			D. Public Works Centers				
		FY 1999			FY 2000			FY 2001	
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction (>\$100K<\$500K)	13	284.23	3,695	24	275.71	6,617	20	274.50	5,490
Narrative Justification: <p>The CNG Gas Station is an EPA requirement. The President has issued an Executive Order to ensure that the Federal Government exercise leadership in the use of alternative fueled vehicles (AFV's). Each federal agency must develop and implement aggressive plans to fulfill the alternative fueled vehicle acquisition requirements established by the Energy Policy Act of 1992 (Public Law 102-486). EPA mandates that 75% of new vehicle acquisitions be alternative fuel vehicles. Therefore, a fueling station will be required to meet the demands. Currently, there is no alternative fueling station in close vicinity of the Naval Training Center at Great Lakes. A paved parking lot at PWC Great Lakes will save tremendous wear and tear on vehicles, both government and personal. By providing paved parking, removal of snow in the winter months would be easier.</p> <p>In FY 2000, PWC Guam will construct a concrete shelter to use as an emergency command/control building for dispatching emergency utilities and facilities maintenance/repair personnel during typhoons. They will also install new water lines to replace ones that a Utility Technical Study indicated were not big enough for adequate fire protection. In FY 2001, PWC Guam will replace existing Navy 4.16 KV systems which have been in use since the early 1950's. It is becoming increasingly difficult to purchase distribution transformers rated for the 4.16 KV. They will also construct a generator shed to provide a shelter for trailer-mounted, portable generators which are used for emergency power supply for critical facilities.</p> <p>The Secure Computer Area/Training Facility Bldg. C27 is needed to upgrade PWC Pearl Harbor's computer room to meet future growth and change out of application systems. To reduce support costs while maintaining operations effectiveness, the majority of the departmental file servers and operational systems have been centralized into Bldg. C27.</p> <p>The Upgrade Biosolids Treatment Facility will allow the composting of all types of greenwaste, paper and other compostable bulk waste which has little or no recycle value per Executive Order 12783.</p> <p>The Inert Material Reclamation/Recycle Facility (IMRF) is needed to meet Executive Order 12783 and OPNAV 5090.1B which requires construction and demolition debris currently being disposed of in a landfill to be reutilized.</p> <p>The Carbon Dioxide (CO2) Cleaning Equipment will require less manpower and no overtime. PWC Pearl Harbor has a problem with the accumulation of foreign matter on electrical switchgear components which results in the major cause of electrical faults that result in unscheduled electrical outages, severe damage to electrical equipment, and potential injury to personnel and the public.</p>									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			A. FY 2001 President's Budget
B. Department of the Navy/Base Support	C. L10 Minor Construction (>\$100K<\$500K)	D. Public Works Centers	
Narrative Justification Continued:			
<p>The HECO substation at Makalapa Crater will eliminate the Kam Hwy crossing of feeders. The Kam Hwy crossing of is the weak link in the electrical distribution system which needs to be eliminated in order to improve the reliability of the electrical supply. Portions of these feeders are over 40 years old. The advanced age of the cable and ducts make the feeders susceptible to unscheduled electrical outages. If such failure occurs in the section crossing Kam Hwy, repairs could require the closing of several lanes of Kam Hwy. Some of the facilities at Makalapa Crater are critical.</p> <p>The Bldg. 1618/1356 Modifications at Wastewater Treatment Plant at Fort Kamehameha will combine both buildings into one maintenance facility to support maintenance and repair operations at the plant. Currently there is inadequate space for equipment, materials, and personnel.</p> <p>The Bldg. 1342 Modifications at Wastewater Treatment Plant at Fort Kamahameha will allow PWC Pearl Harbor to support the current requirements of 13 million gallons per day. The original plant was designed for half the capacity. Additionally, the National Pollutant Discharge Elimination System (NPDES) permit issued by the State of Hawaii Department of Health (DOH) continues to make the requirements more stringent with each renewed permit. New treatment processes and further DOH testing requirements results in more in-plant lab work for process control. The current lab can no longer support all of the necessary testing due to inadequate space for equipment, tests, and personnel.</p> <p>The construction of the Oil Recycling Facility at Pearl Harbor will eliminate the recycling contractor costs of used oil disposal from the ship and shore activities that fail FISC requirements.</p> <p>The Alteration to Conforming Storage Facility is in compliance with 40 CFR Part 260-265 which requires the proper storage and handling of hazardous and toxic waste.</p> <p>The Installation of the New Radial Feeder E-10 & I-1 will provide a dedicated feeder to the substations supplying the submarine berths which will increase the reliability and capacity of the electrical supply to some of the fleet's most critical facilities.</p> <p>The installation of the HECO substation in Moanalua will eliminate the current weak link in the electrical distribution system and increase the reliability of the electrical supply while freeing up capacity to accommodate the expansion of SUBASE and renovation of housing in Hokulani and Hale Moku.</p> <p>Repave/Fence Construction Material Area will reduce hours spent by operators locating vehicles and equipment and reduce costs on pilferage and maintenance repairs.</p> <p>Replace Fuel Station X-30 will minimize the likelihood of fuel leaks and contamination of the soil occurring at X-30 PWC Compound. Long term, this project will minimize hours spent to find the leak and remove contaminated soil.</p> <p>The construction of Riggers Bldg. 197 will provide ergonomically sound storage for heavy and cumbersome rigging equipment.</p>			
<p>Minor construction at PWC San Diego includes projects to construct facilities for the utilities (EMS/DDC, steam expansion) and transportation (car wash) that will improve working conditions, increase efficiency and meet safety/environmental compliance standards. Installation of the various EMS/DDC systems will facilitate meeting the goals in the energy policy act of 1992 and executive order 12902 mandating the reduction of energy usage in all federal facilities. Implementation of the EMS/DDC system will reduce energy consumption, improve the operation and comfort level of facilities. Early detection alarms will prevent interruption of operations, loss of products, and minimize facility downtime. The replacement with EMS/DDC controls will reduce maintenance costs associated with pneumatic controls. Construction of a more efficient, closed system car wash will decrease costs associated with operations, while meeting environmental (water run off) regulations. These construction projects will provide safety and environmental protection as well as maintenance and improvement of utility systems, thereby, reducing hazards and stabilizing maintenance costs.</p>			
<p>Minor construction projects include upgrades to the electrical systems owned by PWC Norfolk at various sites, additions and/or modifications to currently occupied buildings, and projects to facilitate consolidation of environmental functions with DRMO and COMNAVBASE, Norfolk. Facility projects will improve the work environment, provide safety and security and increase the effectiveness of environmental functions.</p>			

**FY 2001 President's Budget
Navy Working Capital Fund
Activity Group: Base Support/PWC
February 2000**

(Dollars in Millions)

FY	Approved Project	PRESIDENT'S BUDGET	REPROGS	OSD/OMB PROJ COST	CURRENT PROJ COST	ASSET/ DEFICIENCY
2000	Equipment except ADPE and TELCOM	11.871	-2.974	8.897	8.897	0.000
	Equipment - ADPE and TELCOM	1.110	-0.750	0.360	0.360	0.000
	Software Development	2.574	1.401	3.975	3.975	0.000
	Minor Construction	6.623	-0.006	6.617	6.617	0.000
	TOTAL FY 2000	22.178	-2.329	19.849	19.849	0.000
	Equipment					
	Cleaner Basin/Manhole VAC				-1	-185 Delayed to FY 2001
	Truck Maintenance Pole & Line Ded				-1	-141 Delayed to FY 2001 due to higher priority of minor construction
	Truck Tank General Purpose				-2	-210 Delayed to FY 2002 due to higher priority of minor construction
	Tractor Crawler Ded 195 HP				-1	-217 Delayed to due to higher priority of minor construction
	Tractor Wheel Ind Ded 90 HP				-1	-105 Delayed to FY 2002 due to higher priority of minor construction
	Truck Mat Hndlg Hoist/Haul to 45 Cu Yd				-1	-272 Delayed to FY 2002 due to higher priority of minor construction
	Truck Ovrhd Maint Aerial Serv Platform				1	120 Safety issue
	Truck Tank Avgas/Jetfuel					-20 Price reduction
	Crane Whl Mtd Swing Cab 4X4 15 Ton & Up				-1	-672 Cancelled - crane purchased in FY 99 has sufficient capacity
	Platform Maintenance				1	150 More cost effective and safer method of liftin men to work on ship
	Truck Ovrhd Maint Aerial Serv Pltfm					-278 Price reduction
	Oily sludge removal truck				-1	-300 Cancelled
	Biochemoxygen Demant Test Modual Sta				-1	-150 Cancelled
	Gas Chromatograph				-1	-121 Cancelled
	Crane Truck Mtd Hyd Ded 51 Ton & Up				-1	-460 Cancelled
	Truck Wrecker				-1	-101 Change in customer requirement
	Cleaner Vacuum Self-Propelled Airfield				1	117 Change in customer requirement
	CNC Horz Mill				-1	-165 Deferred to outyears
	Automated Sample Preparation				-1	-100 Deferred until FY 2001
	Platform Maintenance				-2	-214 Change in customer requirement
	IM-240 and RG-240 Emissions Testing				1	350 Delayed from FY 1999
	Subtotal				-13	-2,974
	ADP					
	Network Infrastructure Upgrade (ATM)				-1	-400 Deleted for N/MCI
	FDDI Hub for Campus Area Network				-1	-250 Deleted for N/MCI
	Telecom Equip				-1	-100 Cancelled
	Subtotal				-3	-750
	Software					
	DWAS/COTS					200 Price increase
	MAXIMO				1	1,201 Corporate Management System compatible with DWAS/COTS
	Subtotal				1	1,401
	Minor Construction					
	CNG Gas station				1	200 EPA requirement
	Convert 4.16KV to 13.8KV, Dist Sys, NCTAMS				-1	-490 Delayed to FY 2001
	Construct Port Generator Shed, OPP				-1	-178 Delayed to FY 2001
	Construct Dispatcher Facility				1	300 Emergency command/control building
	Install 8" W/L, Vicinity of B-465				1	240 Moved up from FY 2001
	Install 12" W/L, Seabee Drive, Camp Covington					47 Price increase
	Construct New Loop System for DDD Warehouse Area				1	300 Health and safety issue
	Modify Building 1342					50 Price increase
	Secure Computer Area/Trng Facility					-100 Price reduction
	Tire Security Area				-1	-200 Cancelled
	Upgrade Biosolids Treatment Facility				1	350 Executive Order 12783
	CO2 Cleaning Equipment				1	180 Improve reliability of electrical supply facility
	Construct Street Lights				-1	-250 Cancelled
	New Peb-Relocate Machine Shop				-1	-455 Cancelled
	Subtotal				1	-6
	Grand Total				-14	-2,329

**FY 2001 President's Budget
Navy Working Capital Fund
Base Support/NFESC
February 2000**

MISSION

The Naval Facilities Engineering Service Center (NFESC) is the Navy's center for specialized facilities engineering and technology. Through engineering, design, construction, consultation, test and evaluation, technology demonstration and implementation, and program management support, NFESC provides solutions to problems. NFESC uses existing technology where we can, identify and adapt breakthrough technology when appropriate, and perform technology development when required. In partnership with our customers, NFESC delivers quality products and services in the areas of Shore, Ocean, and Waterfront Facilities; Environment; Amphibious and Expeditionary Operations; and Energy and Utilities in worldwide support to Navy, Marine Corps, and other DOD Agencies.

ACTIVITY GROUP FUNCTION AND TECHNICAL CAPABILITIES

The Naval Facilities Engineering Service Center is the principal Navy provider of specialized engineering services and products for shore and offshore facilities, energy and utilities, environmental support and amphibious and expeditionary systems. The work performed by NFESC is accomplished by mobilizing the proper expertise mix from these technology areas to address customer requirements.

NFESC is a critical part of the overall Naval Facilities Engineering Command's Strategic Plan. NFESC provides a synergism of its expertise and practical field experience for the solution of field activity and fleet needs. NFESC supports a broad range of Navy and Marine Corps customers and focuses on delivering quality products and services to them. Program execution will be funded by many appropriations, but primarily Operation and Maintenance, Navy; Working Capital Fund, and to a lesser extent, Research, Development, Test, and Evaluation.

The shore facilities area of expertise is responsible for providing innovative engineering solutions, designs, technological tools and field services to best support a viable naval shore establishment. Efforts focus on waterfront facilities, aviation facilities, physical security, ordnance facilities, materials and coatings, computer aided design, facilities life cycle management, base survivability, electronics engineering, thermal and power plant engineering.

The energy and utilities area of expertise is responsible for the Navy's shore establishment's energy program. Efforts focus on energy conservation systems, energy data management, energy technology transfer, energy and utilities management, utilities control systems, utility systems engineering, and thermal and power plant engineering.

The amphibious and expeditionary area of expertise is responsible for developing and providing support and enhancement of Naval Construction Battalion and Marine Corps advanced base construction and operations, amphibious force operations, and Marine Corps combat engineer operations. Efforts focus on amphibious systems, combat engineer system, expedient facilities, and logistics engineering.

The environmental area of expertise is responsible for planning, reviewing, and analyzing Navy wide functions, and assembling and deploying customized technology to meet the environmental requirements of the Naval shore establishment. Efforts focus on environmental restoration, waste management, environmental compliance, environmental data management, environmental technology transfer, pollution prevention, indoor air management, and oil spill program.

The ocean facilities department area of expertise is responsible for developing, implementing, and improving the Navy's capabilities for the design, construction, maintenance, and repair of fixed ocean facilities. Efforts focus on marine geotechniques, anchor systems, ocean structures, ocean construction, undersea warfare, underwater cable facilities, hyperbaric facilities, mooring systems, magnetic silencing facilities, underwater inspection, ocean construction equipment inventory, coastal facilities, and pipeline integrity assessment.

Financial Profile

	<u>FY 1999</u>	<u>FY 2000</u> (millions)	<u>FY 2001</u>
Revenue	\$84.7	\$43.9	\$32.3
Cost of Goods Sold	\$84.7	\$43.8	\$32.5
Net Operating Results	\$ 0.0	\$.1	\$ -.2
Accumulated Operating Results	\$.2	\$.2	0

NFESC operates using both the Navy Working Capital Fund (NWCF) and direct appropriation funding. As originally reflected in the FY 2000 President's Budget, projected NFESC NWCF revenue and cost decline in FY 2000 largely because of a change in accounting treatment. Instead of reporting direct reimbursables for the general fund in the NWCF costs, these

funds will henceforth be reported in the general fund accounts. This does not decrease the workload, revenue or cost for the Command, merely where it is financially recorded. NFESC also anticipates a reduction in workload from the DOD Lock Program.

The Net Operating Results (NOR) and Accumulated Operating Results (AOR) for FY 2001 reflect a balanced budget that is consistent with projected customer workload. NFESC strives to maintain a zero NOR and AOR in an effort to retain low stabilized rates.

Workload (Direct Labor Hours)

	<u>FY 1999</u>	<u>FY 2000</u> (thousands)	<u>FY 2001</u>
Direct Labor Hours	385.0	374.3	367.9

Direct Labor Hours remain relatively stable through FY 2001.

Performance Indicators

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Productivity ratio	68.6%	67.5%	67.8%

NFESC continues to strive for a high productivity ratio, as efforts to maximize direct workload efforts and minimize indirect workload are emphasized. Efforts will continue to strive for a high productivity ratio while maintaining the necessary administrative functions to support the WCF.

Stabilized Rates/Unit Cost

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Stabilized Rates	\$71.64	\$74.84	\$73.05
Percent Stabilized Rate Change			-2%
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Unit Costs	\$77.06	\$74.07	\$73.74

Unit Cost reductions continue to decline as NFESC continues to strive for efficiency. NFESC has made great strides in implementing improvement plans and identifying cost savings initiatives.

Civilian and Military Manpower

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Civilian End Strength	314	315	309
Civilian Work Years	315	312	307
Military End Strength	3	3	3
Military Work Years	3	3	3

Civilian and military manpower remain relatively stable.

Capital Program Purchases Budget

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
		(millions)	
Equipment – Non ADPE/TELECOM	.378	.550	.650
ADPE/TELECOM Equipment	0	0	0
Software Development	0	0	0
<u>Minor Construction</u>	0	0	0
Total	.378	.550	.650

INDUSTRIAL BUDGET INFORMATION SYSTEM
REVENUE and EXPENSES
AMOUNT IN MILLIONS
NFESC / TOTAL

	FY 1999 CON	FY 2000 CON	FY 2001 CON
Revenue:			
Gross Sales			
Operations	84.1	43.4	31.8
Surcharges	.0	.0	.0
Depreciation excluding Major Construction	.6	.5	.5
Other Income			
Total Income	84.7	43.9	32.3
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	.2	.3	.3
Civilian Personnel	24.7	25.2	25.7
Travel and Transportation of Personnel	3.0	.8	.7
Material & Supplies (Internal Operations	15.1	12.0	1.5
Equipment	2.0	.3	.3
Other Purchases from NWCF	5.0	1.0	1.0
Transportation of Things	.1	.1	.2
Depreciation - Capital	.6	.5	.5
Printing and Reproduction	.1	.0	.0
Advisory and Assistance Services	.0	.0	.0
Rent, Communication & Utilities	.7	.7	.7
Other Purchased Services	33.4	2.9	1.7
Total Expenses	84.7	43.8	32.5
Work in Process Adjustment	.0	.0	.0
Comp Work for Activity Reten Adjustment	.0	.0	.0
Cost of Goods Sold	84.7	43.8	32.5
Operating Result	.0	.1	-.2
Less Surcharges	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0
Net Operating Result	.0	.1	-.2
Other Changes Affecting AOR	.0	.0	.0
Accumulated Operating Result	.2	.2	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
Source of Revenue
AMOUNT IN MILLIONS
NFESC / TOTAL

	FY 1999 CON	FY 2000 CON	FY 2001 CON
1. New Orders	88.9	39.0	28.8
a. Orders from DoD Components	74.0	36.9	26.3
Department of the Navy	37.3	21.1	20.9
O & M, Navy	16.9	2.2	2.2
O & M, Marine Corps	2.5	2.0	2.1
O & M, Navy Reserve	.1	.0	.0
O & M, Marine Corp Reserve	.0	.0	.0
Aircraft Procurement, Navy	.1	.0	.0
Weapons Procurement, Navy	.0	.0	.0
Ammunition Procurement, Navy/MC	.0	.0	.0
Shipbuilding & Conversion, Navy	-.1	.0	.0
Other Procurement, Navy	.2	.0	.0
Procurement, Marine Corps	.0	.0	.0
Family Housing, Navy/MC	.2	.0	.0
Research, Dev., Test, & Eval, Navy	16.8	16.8	16.6
Military Construction, Navy	.7	.0	.0
Other Navy Appropriations	.1	.0	.0
Other Marine Corps Appropriations	.0	.0	.0
Department of the Army	3.7	.3	.8
Army Operation & Maintenance	.9	.3	.4
Army Res, Dev, Test, Eval	.7	.0	.0
Army Procurement	.8	.0	.0
Army Other	1.3	.0	.5
Department of the Air Force	2.1	.0	.3
Air Force Operation & Maintenance	1.7	.0	.3
Air Force Res, Dev, Test, Eval	.0	.0	.0
Air Force Procurement	.0	.0	.0
Air Force Other	.4	.0	.0
DOD Appropriation Accounts	30.9	15.5	4.3
Base Closure & Realignment	3.6	.0	.0
Operation & Maintenance Accounts	2.1	.0	.0
Res, Dev, Test & Eval Accounts	4.2	.0	3.1
Procurement Accounts	.4	.0	.0
DOD Other	20.7	15.5	1.2
b. Orders from NWCF Business Area	12.5	1.9	2.3
c. Total DoD	86.5	38.8	28.6
d. Other Orders	2.4	.2	.3
Other Federal Agencies	1.4	.0	.0
Foreign Military Sales	.0	.0	.0
Non Federal Agencies	1.0	.2	.3

INDUSTRIAL BUDGET INFORMATION SYSTEM
Source of Revenue
AMOUNT IN MILLIONS
NFESC / TOTAL

	FY 1999 CON	FY 2000 CON	FY 2001 CON
2. Carry-In Orders	35.0	39.2	34.2
3. Total Gross Orders	123.8	78.1	63.1
4. Funded Carry-Over **	39.2	34.2	30.8
5. Less Passthrough	.0	.0	.0
6. Total Gross Sales	84.7	43.9	32.3
 Adjusted Carry-Over	 7.7	 8.7	 6.3

** Carry over data before adjustments for
work-in-process, BRAC, FMS, non-DOD and
contractual obligations.

**FY 2001 PRESIDENT'S BUDGET
NAVY WORKING CAPITAL FUND
BASE SUPPORT/NFESC
FEBRUARY 2000
CHANGES IN THE COSTS OF OPERATIONS
(DOLLARS IN MILLIONS)**

	<u>Costs</u>
FY 1999 Actual	84.7
FY 2000 Estimate in President's Budget:	52.6
Estimated Impact in FY 2000 of Actual FY 1999 Experience:	
Program Changes:	
Increase due to DFAS service charge	0.7
Decrease due to	-9.5
FY 2000 Current Estimate:	43.8
Pricing Adjustments:	
Pay Raise:	
FY 2001 CIVPERS Pay Raise	0.7
Annualization of FY 2000 Pay Raise	0.3
General Purchase Inflation	0.4
Productivity Initiatives and Other Efficiencies:	
Decrease in overhead cost	-0.7
Program Changes:	
Decrease due to	-12.0
FY 2001 Estimate	32.5

**FY 2001 President's Budget
Navy Working Capital Fund
Activity Group: Base Support/NFESC
February 2000**

(Dollars in Millions)

Line No.	Item Description	FY 1999		FY 2000		FY 2001	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
L1	<u>Non-ADP Equipment (>\$500K)</u> Replacement (List)						
	Productivity (List)						
	New Mission (List)						
	Environmental Compliance (List)						
	Total Non-ADP Equipment (>\$500K)	0	0.000	0	0.000	0	0.000
	Total Non-ADP Equipment (>\$100K<\$500K)	1	0.378	3	0.550	2	0.650
	Grand Total Non-ADP Equipment	1	0.378	3	0.550	2	0.650
	<u>ADP Equipment & Telecommunications (>\$500K)</u> (List)						
	Total ADP Equipment & Telecommunications (>\$500K)	0	0.000	0	0.000	0	0.000
	Total ADP Equipment & Telecommunications (>\$100K<\$500K)	0	0.000	0	0.000	0	0.000
	Grand Total ADP Equipment & Telecommunications	0	0.000	0	0.000	0	0.000
	<u>Software Development (>\$500K)</u> (List) - Externally Developed						
	Total Software Development (>\$500K)	0	0.000	0	0.000	0	0.000
	Total Software Development (>\$100K<\$500K) - Externally Developed	0	0.000	0	0.000	0	0.000
	<u>Software Development (>\$500K)</u> (List) - Internally Developed						
	Total Software Development (>\$100K<\$500K) - Internally Developed	0	0.000	0	0.000	0	0.000
	Grand Total Software Development	0	0.000	0	0.000	0	0.000
	Total Minor Construction (>\$100K<\$500K)	0	0.000	0	0.000	0	0.000
	Total Capital Purchase Program	1	0.378	3	0.550	2	0.650

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. FY 2001 President's Budget		
B. Department of the Navy/Base Support February 2000	C. L01 Equipment, Non-ADPE >\$100K<\$500K			D. Naval Facilities Engineering Service Center					
	FY 1999			FY 2000			FY 2001		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADP Equipment (>\$100K <500K) Replacement	1	378.00	378	3	183.33	550	2	325.00	650
Narrative Justification: The Naval Facilities Engineering Service Center (NFESC) plans to purchase a soil vibration load/shear wave analyzer, advanced piezocone deployment system, digital oil/seawater hydraulic test bench, deck hardware - double drum winch and seafloor geotechnical survey and analysis system. This equipment is essential to eliminate uneconomical repairs and to support RDT&E and engineering support services to include high technology components for precision machinery, instrumentation and measurement on site and in the field. Equipment purchases will support environmental quality, energy efficiency, ocean construction, electronic projects and facilities life management products and services.									

**FY 2001 PRESIDENT'S BUDGET
NAVY WORKING CAPITAL FUND
ACTIVITY GROUP: BASE SUPPORT/NFESC
February 2000**

	(Dollars in Millions)				
Approved Project	PRESIDENT'S BUDGET	REPROGS	APPROVED PROJ COST	CURRENT PROJ COST	ASSET/ DEFICIENCY
Equipment except ADPE and TELCOM	0.550	0.000	0.550	0.550	0.000
Equipment - ADPE and TELCOM	0.000	0.000	0.000	0.000	0.000
Software Development	0.000	0.000	0.000	0.000	0.000
Minor Construction	0.000	0.000	0.000	0.000	0.000
TOTAL FY 2000	0.550	0.000	0.550	0.550	0.000
Equipment					
Subtotal				0	0
ADP					
Subtotal				0	0
Software					
Subtotal				0	0
Minor Construction					
Subtotal				0	0
Grand Total				0	0

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
ACTIVITY GROUP: SUPPLY MANAGEMENT - NAVY
FY 2001 PRESIDENT'S BUDGET ESTIMATE**

Activity Group Functions:

The Supply Management Activity Group performs inventory management functions that result in the sale of aviation and shipboard components, fuel, ships store stock, and general use consumables to a wide variety of customers. Major customers include Fleet and Marine Corps forces, Department of the Navy shore activities, Army, Air Force, Defense Agencies, and other government agencies and foreign governments. All costs related to supplying this material to the customer are recouped through stabilized rates which include cost recovery elements to cover costs such as inventory management, receipt and issue of DON managed material and Department owned retail material at distribution depots, and the depreciation of capital assets.

Activity Group Composition:

Operations costs for the following activities are funded in this Activity Group:

Naval Inventory Control Point, Mechanicsburg/Philadelphia, PA
Fleet and Industrial Supply Center, Norfolk, VA
Fleet and Industrial Supply Center, San Diego, CA
Fleet and Industrial Supply Center, Puget Sound, WA
Fleet and Industrial Supply Center, Jacksonville, FL
Fleet and Industrial Supply Center, Pearl Harbor, HI
Fleet and Industrial Supply Center, Yokosuka, JP
Fitting Out and Supply Support Assistance Center, Norfolk, VA

Executive Summary / Significant Changes in Activity Group:

This budget submission is a balance of requirements, cash, cost recovery, and NOR. Additionally, it incorporates the results of the Inventory Control Point's review of its requirements model and corrects for prior year pricing abnormalities.

Budget Overview:

Wholesale Material: Last year, the FY 2000 budget submission reflected tradeoffs made between requirements and solvency to achieve a solvent cash position across the budget horizon. Prior to this submit, the Naval Inventory Control Point initiated a zero based requirements review that validated, reduced and realigned both variable and fixed allowance requirements. Having accomplished this, the requirements put forward in this submission are valid and necessary to support the anticipated needs of the war fighting customers.

Retail Program: This submission reflects decreased requirements as a result of transferring funding responsibility for aviation consumable allowances from BP28 to the APN-6 appropriated account. This shift aligned funding of aviation consumable allowances to be in consonance with other consumable allowances. Elsewhere within the retail program, transition of Navy forms (BP15) funding responsibility and wholesale level inventories were made to DAPS in May 1999. Residual BP15 inventories afloat was transferred to BP28 for management. Lastly, FY 1999 was the last year for funding of new NAVSEA Long Lead-Time material requirements via BP23. Therefore, the BP23 obligation authority requested in this budget is to support obligation adjustments sometimes necessary upon material receipt and FY 2000 sales are predicated on earlier obligations.

Operating Budget: The BP-91 obligations reflected in this budget submission show a decline in personnel costs with corresponding increases for investment. Current strategy includes completing personnel downsizing actions (RIFs and SIP/VERAs) in FY 2000 in order to free up funding in FY 2000 and beyond for investment into future strategic initiatives such as SUP 21.

The investment funding strategy for FY 2000/2001 has been revised to incorporate the Secretary of the Navy sponsored Revolution in Business Affairs. In one area, Navy's Commercial Financial Practices working group has developed a number of Enterprise Resource Planning (ERP) pilots. One of these pilots is to evaluate ERP solutions in the area of aviation reparable. NAVSUP has the lead for this pilot and will evaluate available commercial products that will support and enable process re-engineering in this business area.

In addition, a significant portion of NAVSUP's estimated BP-91 workload from FY 2000-05 have been identified as reviewable under the A-76 process. These studies will lead to net savings of over \$80 million, including surcharge recovery and other reimbursables across the FYDP. The BP-91 budget submission reflects a carefully constructed plan that will enable Navy to continue meet to customer needs with the best services at the best price.

FY01 Annual Price Change (APC): This submission reflects a significant increase in the change in program price to the customer. This is primarily a result of including transportation and material escalation costs that were previously omitted from the product-pricing base. The composite APC for FY 2001 is 15.5 percent with an overall cost recovery rate (CRR) of 26.2 percent.

Performance Indicators:

	FY1999	FY 2000	FY2001
Items Managed	347,000	349,000	350,000
Receipts	1,063,092	1,069,000	1,074,000
Issues	1,353,600	1,313,000	1,274,000
Requisitions Received	578,990	570,200	561,600
Contracts Executed	21,800	20,900	20,000
Supply Material Availability	81.2%	81.5%	82.1%
Purchase Inflation	1.6%	1.0%	1.5%
Composite APC	-5.8%	-4.3%	15.5%
Composite Surcharge	44.3%	12.3%	26.2%
Cost of Matl Sold (\$M)	2323.3	2906.3	2532.6

Financial Profile:

(Dollars in Millions)

	FY 1999	FY 2000	FY 2001
Revenue	5,258.9	4,840.5	5,442.2
Expenses	5,326.0	4,999.7	5,491.5
Operating Result	-67.1	-159.2	-49.3
Cash/Capital Surcharge	35.0	0.0	19.0
Net Operating Result	-102.1	-159.2	-68.3
Other Chgs Affecting AOR	0.0	346.3	53.7
Accum. Operating Result	-172.5	14.6	0.0

Discussion of Changes:

Revenue: Revenues in FY 1999 and FY 2000 are suppressed due to the omitting of costs previously mentioned. FY 2001 revenue increases due to the 15.5% APC necessary to correct for those omitted costs. This rate allows the activity group to achieve a zero AOR in FY 2001.

Expenses: Expense deviations are primarily driven by wholesale cost of goods sold (COGS) changes from one year to the next, and Retail obligation changes associated with fuel price fluctuations.

Other Adjustments: An additional capital surcharge has been applied in FY 2001 to provide funding for Capital Program investments that exceed budgeted depreciation.

Obligational Authority:

(Dollars in Millions)

	FY 1999	FY 2000	FY2001
Wholesale	2,208.8	2,522.0	2,450.1
Retail	1,787.3	1,534.2	2,099.3
Operating	1,160.6	1,152.6	1,155.0
Total	5,156.7	5,208.8	5,704.4

Discussion of Changes:

Wholesale: FY 1999: This submission reflects a fully funded customer requirement. In FY 1999, Aviation DLR's underwent a stringent analysis of both variable (levels) and non-demand based program requirements. The analysis validated, reduced and realigned both variable and fixed allowance requirements.

FY 2000: The increase of \$313.2 million in obligations from FY 1999 to FY 2000 is almost solely in the aviation requirement. The growth includes the impact of the NAVICP zero based review discussed previously, new scope special programs, and additional material costs identified during this year's pricing review.

FY 2001: Obligations requested decrease from FY 2000 by \$71.9 million. This level funds requirements currently known and assumes no carry forward from FY 2000.

Retail: FY 2000: Retail Obligation Authority is adjusted downward in FY 2000 from FY 1999 levels due to fuel price decreases, transfer of BP15 to DAPS, and elimination of BP23 as a funding source for NAVSEA Long-Lead Time Material.

FY 2001: Retail Obligation Authority requested for FY 2001 increases by \$565.1 million over FY 2000 primarily due to fuel price increases (\$529.5 million) and standard inflation (\$20.4 million)

Workload:

(Dollars in Millions)

<u>Gross Sales</u>	FY 1999	FY 2000	FY 2001
Wholesale	3,484.1	3,128.7	3,196.4
Retail	1,800.2	1,586.0	2,113.5
Total	5,284.3	4,714.7	5,309.9

Discussion of Changes:

Wholesale: The fluctuation in sales from year to year is predominately driven by the APC. Demand continues to remain relatively stable. FY 2001 projections include correction of the pricing errors.

Retail: The decrease in FY 2000 Retail sales is primarily attributable to a 25 percent decrease in fuel (BP 38) prices. FY 2001 increases reflect standard escalation guidance and a fuel price increase of 62.9%.

Staffing:

	FY 1999	FY 2000	FY 2001
Civilian End Strength	6,071	5,537	5,423
Civilian WorkYears	6,314	5,845	5,728
Military End Strength	477	447	405
Military Work Years	477	462	426

Discussion of Changes:

The FY 1999 numbers reflect actual ES. The changes in civilian end strength and workyears from FY 1999 to FY 2000 and FY 2000 to FY 2001 are primarily the result of NAVSUP's efforts to reduce through outsourcing efforts. The remaining deltas represent reductions resulting from the Installation Claimant Consolidation (ICC).

The decrease in military end strength from FY 1999 to FY 2000 is primarily the result of functional transfers and outsourcing efforts. The decrease in military end strength from FY 2000 to FY 2001 is the result of military personnel performing physical distribution functions transferring to DLA.

Unit Cost:

	FY 1999	FY 2000	FY2001
Wholesale	0.908	1.051	0.998
Retail	1.005	0.982	1.006

Headquarters Cost:

(Dollars in Millions)

	FY 1999	FY 2000	FY2001
Cost of Management	4.6	4.7	4.8

Capital Budget Authority:

(Dollars in Millions)

	FY 1999	FY 2000	FY2001
Equipment Non-ADPE/Telecom	3.3	0.9	2.3
ADPE/Telecom Equipment	4.0	2.8	3.9
Software Development	27.5	35.9	45.3
Minor Construction	.6	1.0	1.6
Total	35.4	40.6	53.1

Discussion of Changes:

Capital Budget Authority (CPP) authority in the Supply Management Activity Group reflects the following changes for FY 1999 to FY 2000:

- decreases in Automated Material Handling System and Civil Engineering Support Equipment requirements;
- adjustments in Software Development CDA efforts due to changes in the rate and work mix;
- early completion of Distribution Standard System implementation with continuation of development;
- continuation of Financial Initiatives efforts to enable achievement of Clean Financial Statements (CFS);

The changes from FY 2000 to FY 2001 reflect continuation of funding for implementation ERP; new starts for Activity Based Costing/Management, INFORM-21, and Residual Asset Management. The following paragraphs provide an overview of new CPP requirements:

Enterprise Resource Planning (ERP). The effectiveness of the Navy logistics chain is dependent upon transitioning from an inventory based, constant-flow system to a velocity-based, variable-flow system using more efficient programming, scheduling and repair processes; total asset visibility technologies; and integrated logistics information and decision support tools. Proper management optimizes the performance and cost of the entire logistics chain, end-to-end, and results in delivery of required support to the customers to the right place, at the right time, and right price. The Navy has completed an initial examination of its logistics infrastructure and associated processes to ascertain ways to improve and reduce costs while maintaining/improving support to the warfighter. We have found that commercially available Enterprise Resource Planning (ERP) programs have potential applicability for the Navy. The Navy needs to further examine these private sector capabilities to determine/demonstrate their feasibility and applicability to its logistics, supply and maintenance chains. In order to do so, the Navy will conduct a study and pilot initiative to determine if commercially available ERP programs can be utilized.

Activity Based Costing / Activity Based Management (ABC/ABM). The ABC/ABM program initiatives within the NAVSUP claimancy call for continued use of ABC modeling techniques in analyzing opportunities for competitive sourcing, reengineering, and reorganization throughout the claimancy . Projects underway, using previously acquired ABC Technologies Easy ABC software include ICP-wide Activity-Based Costing modeling effort and FISC model refinement to support retail supply A-76 study. FY2000 through 2004 efforts will capitalize on the development of Activity-Based Management systems for ICP and FISC future management. These projects will require central (claimancy) investment in ABC Technologies OROS 4.0 software, which is specifically designed to support fully functioning Activity-Based Management systems.

INFORM 21. INFORM 21 provides the Information Technology (IT) infrastructure to support the SUP-21 Re-engineering effort. It will deliver a consolidated Naval Supply (NAVSUP) Corporate Data Warehouse, combining data from both Mechanicsburg and Philadelphia UICP operational systems. The Corporate Data Warehouse will then be expanded to include retail inventory (UADPS/U2) and consumer level inventory (RSupply). These process improvements will include new business processes obtained through the purchase of commercial-off-the-shelf (COTS) software such as Advanced Planning and Scheduling (APS) and Supply Chain Management (SCM) systems.

Residual Asset Management (RAM). The RAM program will provide real time visibility of residual end use material for redistribution to Fleet units and selected Naval Sea Systems Command (NAVSEA) activities. RAM has proven a great success in its short existence, processing 120 thousand plus requisitions, worth \$172 million. Additionally, RAM has provided \$30 million in inventory to NAVICP/DLA item managers and \$26.2 million in MTIS Credits have been granted to the inventory owners. RAM is currently funded within the Navy Working Capital Fund (NWCF) through a portion of the Wholesale Cost Recovery Rate. RAM is currently a mainframe-based application/production system and is currently installed at TYCOM/NAVSEA residual warehouse sites, by personnel from the Navy Inventory Control Point Mechanicsburg. NAVSUP is the program sponsor and is responsible for the overall program management (PM) of the Residual Asset Management Program, which includes funding. Expansion throughout Navy and upgrade of systems is required for RAM to be successful and achieve ROI of 17:1 and savings of \$500 million.

Economies and Efficiencies:

Competition and Outsourcing. Beginning in FY 2000, the budget reflects benefits associated with Navy's commitment to maximize the use of competitively sourced, long term, total life-cycle logistics support for both new and legacy systems. Navy sponsored A-76 outsourcing initiatives are focusing on utilizing best commercial practices and eliminating large-scale duplication with industry.

Similarly, Direct Vendor Delivery initiatives capitalize on commercial material management expertise and include material requirements determination, expediting, transportation and warehousing. Projected savings are as follows:

(\$M)	FY 2000	FY2001
ICP SALTS conversion	.105	.108
Fuel function @ FISCs	5.361	7.846
HAZMAT Functions	0.000	1.703
BOS Functions	.920	.948
ATAC Hub	2.635	5.429
DVD	12.400	15.900

Budget Initiative Breakout:

Transportation/Depot Washout/Obsolescence. Beginning in FY 1999, the budget reflected a change in methodology for recovering costs associated with transportation. With the FY 2000 submit depot washout and obsolescence employed the same methodology change. These costs were traditionally recovered through the cost recovery element. In an effort to be consistent with the methodology of other Services, each of these categories is now recovered through the material cost of goods. The breakout for FY 2000 and FY 2001, as recovered through pricing, is as follows:

Transportation (\$M)	FY 2000	FY 2001
BP 14	4.8	5.0
BP 34	6.7	7.0
BP 81P	16.3	17.1
BP 81R	11.4	11.9
BP 85P	26.5	27.7
BP 85R	61.2	64.0
Total	126.9	132.7

FY 2000	Obsolescence	Depot Washout
BP 14	.6	
BP 34	19.7	
BP 81P	6.9	
BP 81R		16.5
BP 85P	11.9	
BP 85R		187.1
Total	39.1	203.6

FY 2001	Obsolescence	Depot Washout
BP 14	1.0	
BP 34	20.8	
BP 81P	5.4	
BP 81R		12.3
BP 85P	10.3	
BP 85R		156.7
Total	37.5	169.0

**NAVY CAPITAL WORKING FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
REVENUE AND EXPENSE SUMMARY**

FY2001 President's Budget

(Dollars in Millions)

Feb-00
FUND 14

FY01 PresBud

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
REVENUE:			
Net Sales			
Operations	4924.7	4528.9	5107.4
Capital Surcharge	0.0	0.0	19.0
Depreciation except Maj Const	31.5	31.5	34.2
Major Construction Dep	0.0	0.0	0.0
Other Income	302.7	280.1	279.1
Refunds/Discounts (-)			
Total Income:	5258.9	4840.5	5442.2
EXPENSES:			
Cost of Materiel Sold from Inventory	4155.6	4090.7	4500.7
Salaries and Wages:			
Military Personnel	23.9	22.4	22.0
Civilian Personnel	411.3	301.7	322.6
Travel & Transportation of Personnel	11.3	12.2	12.1
Materials & Supplies	36.0	48.4	48.1
Equipment	14.4	13.7	13.4
Other Purchases from Revolving Funds	298.5	297.3	301.9
Transportation of Things	0.0	0.0	0.0
Depreciation - Capital	31.5	31.5	34.2
Printing and Reproduction	0.8	0.0	0.0
Advisory and Assistance Services	27.1	22.4	25.7
Rent, Communication, Utilities & Misc	13.5	12.2	12.3
Other Purchased Services	0.6	71.2	95.1
Inventory Gains and Losses	301.5	76.0	100.9
TOTAL EXPENSES	5326.0	4999.7	5491.5
Operating Result	-67.1	-159.2	-49.3
Less Capital Surcharge reservation	35.0	0.0	19.0
Plus Appropriations Affecting NOR/AOR	0.0	0.0	0.0
Other Changes Affecting NOR	0.0	0.0	0.0
Net Operating Result	-102.1	-159.2	-68.3
Other Changes Affecting AOR		346.3	53.7
Accumulated Operating Result	-172.5	14.6	0.0

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
Source of Revenue
February 2000 Submission

Fund 11

(\$ in millions)

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
a. Orders from DoD Components:			
Own Component			
1105 Military Personnel, M.C.	0.0	0.0	0.0
1106 O&M Marine Corps	8.6	7.3	8.6
1108 Reserve Personnel, M.C.	0.0	0.0	0.0
1109 Procurement, M.C.	4.3	3.6	4.3
1319 RDT & E, Navy	0.1	0.1	0.1
1405 Reserve Personnel, Navy	0.3	0.2	0.3
1453 Military Personnel, Navy	24.4	20.9	24.4
1506 Aircraft Procurement, Navy	555.4	474.5	554.6
1611 Shipbuilding & Conv. Navy	22.9	32.1	44.1
1804 O&M, Navy	3,372.4	2,881.2	3,367.7
1806 O&M, Navy Reserve	126.1	107.7	125.9
1810 Other Procurement, Navy	82.7	88.8	40.5
4930 Navy Working Capital Fund	602.7	484.1	622.6
	4,799.7	4,100.7	4,793.1
Orders from other DoD Components			
2100 Army	85.1	72.7	84.9
5700 Air Force	122.9	105.0	122.7
9700 Other DoD	<u>3.2</u>	<u>2.8</u>	<u>3.2</u>
	211.2	180.4	210.9
b. Orders from other Fund Business Areas:			
Distribution Depots, Navy			
Logistics Support, Navy	0.0	0.0	0.0
c. Total DoD	5,010.9	4,281.1	5,004.0
d. Other Orders:			
Other Federal Agencies	56.4	48.2	56.3
Trust Fund	34.8	29.7	34.8
Non-Federal Agencies	0.0	0.0	0.0
Foreign Military Sales (FMS)	<u>203.6</u>	<u>174.0</u>	<u>203.4</u>
	294.9	251.9	294.5
2. Carry-In Orders	1,259.5	1,280.9	1,099.2
3. Total Gross Orders	6,565.2	5,813.9	6,397.6
4. Change to Backlog	1,280.9	1,099.2	1,087.7
5. Total Gross Sales*	5,284.3	4,714.7	5,309.9
Reimbursable Orders (BP 91)	302.7	280.1	279.1

*Revenue and Expense Statement reflects Net Sales

**NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
FUEL DATA
FY 2001 PRESIDENT'S BUDGET**

FY99 Product	<u>Procured from DFSC</u>			<u>Procured Locally</u>		
	Barrels	U/P	Ext Cost	Barrels	U/P	Ext Cost
JP5	14.144	\$35.70	\$504.9	0.000	\$28.52	\$0.0
JP4	0.000	\$45.36	\$0.0	0.000	\$25.66	\$0.0
AVGAS	0.001	\$139.86	\$0.1	0.000	\$73.79	\$0.0
Distillates (DFM)	16.087	\$33.60	\$540.5	0.000	\$28.24	\$0.0
MOGAS Leaded	0.013	\$41.16	\$0.5	0.000	\$37.80	\$0.0
MOGAS Unleaded	0.053	\$33.60	\$1.8	0.002	\$28.79	\$0.1
Residual (Heat, oil)	0.959	\$21.00	\$20.1	0.046	\$13.02	\$0.6
Lube Oil	0.050	\$108.51	\$5.4	0.000	\$102.00	\$0.0
Reclaimed	0.910	\$14.70	\$13.4	0.000	\$20.25	\$0.0
TOTAL	<u>32.217</u>		<u>\$1,086.7</u>	<u>0.048</u>		<u>\$0.7</u>

Total Obligations**\$1,087.4**

FY00 Product	<u>Procured from DFSC</u>			<u>Procured Locally</u>		
	Barrels	U/P	Ext Cost	Barrels	U/P	Ext Cost
JP5	14.426	\$26.46	\$381.7	0.000	\$21.36	\$0.0
JP4	0.000	\$33.60	\$0.0	0.000	\$19.22	\$0.0
AVGAS	0.001	\$102.06	\$0.1	0.000	\$55.28	\$0.0
Distillates (DFM)	16.235	\$25.20	\$409.1	0.000	\$21.15	\$0.0
MOGAS Leaded	0.012	\$34.02	\$0.4	0.000	\$28.32	\$0.0
MOGAS Unleaded	0.048	\$28.56	\$1.4	0.002	\$21.57	\$0.0
Residual (Heating Oil)	0.952	\$15.96	\$15.2	0.048	\$9.75	\$0.5
Lube Oil	0.058	\$71.71	\$4.1	0.000	\$76.41	\$0.0
Reclaimed	0.651	\$15.54	\$10.1	0.000	\$15.17	\$0.0
TOTAL	<u>32.383</u>		<u>\$822.1</u>	<u>0.050</u>		<u>\$0.5</u>

Total Obligations**\$822.6**

FY01 Product	<u>Procured from DFSC</u>			<u>Procured Locally</u>		
	Barrels	U/P	Ext Cost	Barrels	U/P	Ext Cost
JP5	14.542	\$43.26	\$629.1	0.000	\$24.55	\$0.0
JP4	0.000	\$50.82	\$0.0	0.000	\$22.09	\$0.0
AVGAS	0.001	\$157.92	\$0.2	0.000	\$63.51	\$0.0
Distillates (DFM)	16.400	\$41.16	\$675.0	0.000	\$24.31	\$0.0
MOGAS Leaded	0.013	\$53.34	\$0.7	0.000	\$32.54	\$0.0
MOGAS Unleaded	0.047	\$45.78	\$2.2	0.003	\$24.78	\$0.1
Residual (Heating Oil)	0.940	\$27.30	\$25.7	0.067	\$11.21	\$0.8
Lube Oil	0.064	\$83.70	\$5.4	0.000	\$87.79	\$0.0
Reclaimed	0.880	\$14.70	\$12.9	0.000	\$17.43	\$0.0
TOTAL	<u>32.887</u>		<u>\$1,351.2</u>	<u>0.070</u>		<u>\$0.9</u>

Total Obligations**\$1,352.1**

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
SUPPLY MANAGEMENT SUMMARY- FY99

SM 1

FY 2001 PRESIDENT'S BUDGET

				OBLIGATION TARGETS						
	PEACETIME	NET	NET				TOTAL	COMMITMENT	TARGET	CREDIT
DIVISION	INVENTORY	CUSTOMER	SALES	OPERATING	MOBILIZATION	OTHER	OBLIGATIONS	TARGET	TOTAL	SALES
		ORDERS								
BP 14										
Approved	810.9	121.2	121.2	103.4	0.0	0.0	103.4	8.4	111.8	5.9
Request	964.2	122.8	124.3	97.3	0.0	0.0	97.3	8.4	105.7	5.0
Delta	153.3	1.6	3.1	(6.1)	0.0	0.0	(6.1)	0.0	(6.1)	(0.9)
BP 15										
Approved	15.2	7.0	7.0	5.9	0.0	0.0	5.9	0.5	6.4	0.0
Request	0.0	4.1	4.1	1.1	0.0	0.0	1.1	0.5	1.6	0.2
Delta	(15.2)	(2.9)	(2.9)	(4.8)	0.0	0.0	(4.8)	0.0	(4.8)	0.2
BP 21										
Approved	24.5	85.9	85.9	85.9	0.0	0.0	85.9	6.5	92.4	0.0
Request	19.8	82.6	82.6	80.7	0.0	0.0	80.7	6.5	87.2	0.0
Delta	(4.7)	(3.3)	(3.3)	(5.2)	0.0	0.0	(5.2)	0.0	(5.2)	0.0
BP 23										
Approved	48.2	18.9	18.9	25.0	0.0	0.0	25.0	2.6	27.6	0.0
Request	46.9	20.2	20.2	13.7	0.0	0.0	13.7	2.6	16.3	0.0
Delta	(1.3)	1.3	1.3	(11.3)	0.0	0.0	(11.3)	0.0	(11.3)	0.0
BP 25										
Approved	0.0	0.0	1.0	1.0	0.0	0.0	1.0	0.1	1.1	0.0
Request	0.0	0.0	16.8	(2.1)	0.0	0.0	(2.1)	0.1	(2.0)	0.0
Delta	0.0	0.0	15.8	(3.1)	0.0	0.0	(3.1)	0.0	(3.1)	0.0
BP 28										
Approved	1,339.8	658.4	658.4	668.4	0.0	0.0	668.4	52.7	721.1	20.1
Request	1,348.3	591.8	591.8	606.5	0.0	0.0	606.5	47.3	653.8	16.6
Delta	8.5	(66.6)	(66.6)	(61.9)	0.0	0.0	(61.9)	(5.4)	(67.3)	(3.5)
BP 34										
Approved	476.4	227.1	242.3	170.0	0.0	0.0	170.0	56.7	226.7	4.8
Request	491.8	243.8	240.8	207.2	0.0	0.0	207.2	56.7	263.9	15.7
Delta	15.4	16.7	(1.5)	37.2	0.0	0.0	37.2	0.0	37.2	10.9
BP 38										
Approved	371.6	1,092.0	1,092.0	1,082.7	0.0	0.0	1,082.7	223.4	1,306.1	2.3
Request	242.7	1,063.6	1,063.6	1,087.4	0.0	0.0	1,087.4	223.4	1,310.8	4.3
Delta	(128.9)	(28.4)	(28.4)	4.7	0.0	0.0	4.7	0.0	4.7	2.0
BP 81										
Approved	5,701.4	453.3	453.3	328.2	0.0	0.0	328.2	38.3	366.5	79.7
Request	5,971.8	459.8	458.9	289.4	0.0	0.0	289.4	38.3	327.7	44.6
Delta	270.4	6.5	5.6	(38.8)	0.0	0.0	(38.8)	0.0	(38.8)	(35.1)
BP85										
Approved	20,405.9	2,068.8	** REPAIR-> 2,292.8	1,572.1	0.0	0.0	1,572.1	200.4	1,772.5	279.5
Request	22,649.4	2,413.7	2,368.8	1,614.9	0.0	0.0	1,614.9	200.4	1,815.3	226.0
Delta	2,243.5	344.9	76.0	42.8	0.0	0.0	42.8	0.0	42.8	(53.5)
BP 91										
Approved	0.0	0.0	** REPAIR-> 0.0	1,125.5	0.0	0.0	1,125.5	0.0	1,125.5	0.0
Request	0.0	0.0	0.0	1,160.6	0.0	0.0	1,160.6	0.0	1,160.6	0.0
Delta	0.0	0.0	0.0	35.1	0.0	0.0	35.1	0.0	35.1	0.0
TOTAL										
Approved	29,193.9	4,732.6	4,972.8	5,168.1	0.0	0.0	5,168.1	589.6	5,757.7	392.3
Request	31,734.9	5,002.4	4,971.9	5,156.7	0.0	0.0	5,156.7	584.2	5,740.9	312.4
Delta	2,541.0	269.8	(0.9)	(11.4)	0.0	0.0	(11.4)	(5.4)	(16.8)	(79.9)

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
SUPPLY MANAGEMENT SUMMARY- FY00

SM 1

FY 2001 PRESIDENT'S BUDGET

				OBLIGATION TARGETS						
	PEACETIME	NET	NET				TOTAL	COMMITMENT	TARGET	CREDIT
DIVISION	INVENTORY	CUSTOMER	SALES	OPERATING	MOBILIZATION	OTHER	OBLIGATIONS	TARGET	TOTAL	SALES
		ORDERS								
BP 14										
Approved	667.4	132.2	132.2	96.9	0.0	0.0	96.9	8.4	105.3	5.5
Request	808.6	119.7	119.7	106.5	0.0	0.0	106.5	8.4	114.9	4.4
Delta	141.2	(12.5)	(12.5)	9.6	0.0	0.0	9.6	0.0	9.6	(1.1)
BP 15										
Approved	11.3	6.8	6.8	5.7	0.0	0.0	5.7	0.5	6.2	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	(11.3)	(6.8)	(6.8)	(5.7)	0.0	0.0	(5.7)	(0.5)	(6.2)	0.0
BP 21										
Approved	21.5	85.6	85.6	85.6	0.0	0.0	85.6	6.5	92.1	0.0
Request	20.8	85.3	85.3	85.3	0.0	0.0	85.3	6.5	91.8	0.0
Delta	(0.7)	(0.3)	(0.3)	(0.3)	0.0	0.0	(0.3)	0.0	(0.3)	0.0
BP 23										
Approved	22.2	25.0	25.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	29.0	21.8	21.8	0.3	0.0	0.0	0.3	0.0	0.3	0.0
Delta	6.8	(3.2)	(3.2)	0.3	0.0	0.0	0.3	0.0	0.3	0.0
BP 25										
Approved	0.0	0.0	1.0	1.0	0.0	0.0	1.0	0.1	1.1	0.0
Request	0.0	0.0	1.0	1.0	0.0	0.0	1.0	0.1	1.1	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 28										
Approved	1,240.7	699.1	699.1	714.1	0.0	0.0	714.1	54.7	768.8	21.4
Request	1,396.3	635.2	635.2	625.0	0.0	0.0	625.0	50.8	675.8	21.3
Delta	155.6	(63.9)	(63.9)	(89.1)	0.0	0.0	(89.1)	(3.9)	(93.0)	(0.1)
BP 34										
Approved	439.0	233.4	240.5	189.7	0.0	0.0	189.7	68.9	258.6	5.2
Request	406.5	248.6	255.7	221.8	0.0	0.0	221.8	50.8	272.6	4.2
Delta	(32.5)	15.2	15.2	32.1	0.0	0.0	32.1	(18.1)	14.0	(1.0)
BP 38										
Approved	384.8	820.8	820.8	826.2	0.0	0.0	826.2	228.1	1,054.3	2.3
Request	172.0	818.7	818.7	822.6	0.0	0.0	822.6	207.8	1,030.4	2.7
Delta	(212.8)	(2.1)	(2.1)	(3.6)	0.0	0.0	(3.6)	(20.3)	(23.9)	0.4
BP 81										
Approved	5,213.3	455.7	455.7	368.0	0.0	0.0	368.0	38.3	406.3	77.8
Request	5,205.2	422.5	422.5	333.9	0.0	0.0	333.9	38.5	372.4	42.1
Delta	(8.1)	(33.2)	(33.2)	(34.1)	0.0	0.0	(34.1)	0.2	(33.9)	(35.7)
BP85										
			** REPAIR->	178.9						
Approved	20,681.6	2,371.3	2,436.2	1,536.3	0.0	0.0	1,536.3	259.9	1,796.2	98.5
Request	22,278.3	2,026.9	2,200.5	1,859.8	0.0	0.0	1,859.8	332.9	2,192.7	79.6
Delta	1,596.7	(344.4)	(235.7)	323.5	0.0	0.0	323.5	73.0	396.5	(18.9)
BP 91										
			** REPAIR->	1,202.8						
Approved	0.0	0.0	0.0	1,045.5	0.0	0.0	1,045.5	0.0	1,045.5	0.0
Request	0.0	0.0	0.0	1,152.6	0.0	0.0	1,152.6	0.0	1,152.6	0.0
Delta	0.0	0.0	0.0	107.1	0.0	0.0	107.1	0.0	107.1	0.0
TOTAL										
Approved	28,681.8	4,829.9	4,902.9	4,869.0	0.0	0.0	4,869.0	665.4	5,534.4	210.7
Request	30,316.7	4,378.7	4,560.4	5,208.8	0.0	0.0	5,208.8	695.8	5,904.6	154.3
Delta	1,634.9	(451.2)	(342.5)	339.8	0.0	0.0	339.8	30.4	370.2	(56.4)

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
SUPPLY MANAGEMENT SUMMARY- FY01
FY 2001 PRESIDENT'S BUDGET

SM 1

				OBLIGATION TARGETS						
DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES				TOTAL OBLIGATIONS	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 14										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	842.8	141.9	141.9	104.6	0.0	0.0	104.6	8.4	113.0	4.1
Delta	842.8	141.9	141.9	104.6	0.0	0.0	104.6	8.4	113.0	4.1
BP 15										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 21										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	21.9	85.0	85.0	85.0	0.0	0.0	85.0	6.5	91.5	0.0
Delta	21.9	85.0	85.0	85.0	0.0	0.0	85.0	6.5	91.5	0.0
BP 23										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	26.3	2.7	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	26.3	2.7	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 25										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	1.0	1.0	0.0	0.0	1.0	0.1	1.1	0.0
Delta	0.0	0.0	1.0	1.0	0.0	0.0	1.0	0.1	1.1	0.0
BP 28										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	1,410.1	661.2	661.2	661.2	0.0	0.0	661.2	51.6	712.8	22.2
Delta	1,410.1	661.2	661.2	661.2	0.0	0.0	661.2	51.6	712.8	22.2
BP 34										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	419.6	251.7	253.7	209.0	0.0	0.0	209.0	50.7	259.7	3.4
Delta	419.6	251.7	253.7	209.0	0.0	0.0	209.0	50.7	259.7	3.4
BP 38										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	205.4	1,337.0	1,337.0	1,352.1	0.0	0.0	1,352.1	133.5	1,485.6	4.4
Delta	205.4	1,337.0	1,337.0	1,352.1	0.0	0.0	1,352.1	133.5	1,485.6	4.4
BP 81										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	5,850.8	426.2	426.2	337.1	0.0	0.0	337.1	38.5	375.6	43.2
Delta	5,850.8	426.2	426.2	337.1	0.0	0.0	337.1	38.5	375.6	43.2
BP85										
			** REPAIR->	181.1						
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	22,580.8	2,243.4	2,251.9	1,799.4	0.0	0.0	1,799.4	223.9	2,023.3	72.0
Delta	22,580.8	2,243.4	2,251.9	1,799.4	0.0	0.0	1,799.4	223.9	2,023.3	72.0
BP 91										
			** REPAIR->	1,258.7						
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	1,155.0	0.0	0.0	1,155.0	0.0	1,155.0	0.0
Delta	0.0	0.0	0.0	1,155.0	0.0	0.0	1,155.0	0.0	1,155.0	0.0
TOTAL										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	31,357.7	5,149.1	5,160.6	5,704.4	0.0	0.0	5,704.4	513.2	6,217.6	149.3
Delta	31,357.7	5,149.1	5,160.6	5,704.4	0.0	0.0	5,704.4	513.2	6,217.6	149.3

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
OPERATING OBLIGATIONS BY WEAPON SYSTEM (\$M)
FY00 REAPPORTIONMENT
BUDGET PROJECT 14
FY1999

SM-3B

<u>WEAPON SYSTEM NAME</u>	<u>BASIC REPLEN</u>	<u>OUTFITTING</u>	<u>STOCK</u>	<u>SPECIAL PROGRAMS</u>	<u>TOTAL</u>
AEGIS	0.1				0.1
AIR/AIR & AIR/GROUND MISSILES	0.1				0.1
AUXILIARY	0.5				0.5
CIWS	1.7		0.1	0.5	2.3
DC & DECK	3.1			29.7	32.8
DIESEL PROP	0.4				0.4
DSSP	0.1	0.1	0.2		0.4
ELECTRICAL	0.1				0.1
EOD	1.1				1.1
EXCOMM	0.1				0.1
GAS & STEAM PROP	0.3				0.3
GPETE/CAL STD				1.1	1.1
GUNS/HANDLING EQUIP	2.5				2.5
HELO LAND SYS	0.1				0.1
INTERNAL/SHORE COMM	0.1				0.1
LM 2500	0.1				0.1
LOAD LIST				0.3	0.3
MSC	0.1				0.1
MINESWARFARE	0.1				0.1
MISC SEA MISSILES	0.1				0.1
MISC TEST EQUIP	1.5				1.5
NAVIGATION	0.1				0.1
NDI	3.5				3.5
NUCLEAR	12.6	4.8	2.4	0.9	20.7
OSI MAINTENANCE				2.1	2.1
PREMIUM SERVICE PROGRAM				0.1	0.1
SEOC				1.2	1.2
SHIPALT (REPLEN)				0.3	0.3
SIDEWINDER/HARPOON	1.6				1.6
SPEC WARFARE	0.2		0.4	0.7	1.3
SQQ-89	0.1				0.1
SSPL				0.3	0.3
SUB ACOUSTIC SONAR	0.5		0.2		0.7
SUB ARMAMENT/DEFENSE	2.2			1.3	3.5
SUB AUX/MISC	4.2				4.2
SUB COMM/ANT/MONITOR	3.3				3.3
SUB CONTROL NAVIG SYS	0.1				0.1
SUB ENGINEER/DIESEL SUP	2.6				2.6
SUBSAFE/LEVEL I	7.1	0.1	0.1		7.3
SUB SURVEILLANCE	0.1				0.1
SURVEILLANCE	0.3				0.3
SWS	0.1				0.1
TORPEDOES	0.3				0.3
TRF LOADLIST				0.9	0.9
TRNG DEV & EW	0.1				0.1
VALVES	1.7				1.7
GROSS REQUIREMENTS	52.9	5.0	3.4	39.4	100.7
CONTRACT TERMS	-0.4			-0.6	-1.0
CREDIT MODS	-1.0	-0.1	-0.1	-0.8	-2.0
NON MATERIAL COSTS				0.5	0.5
ASSET APPLICATIONS		-0.9			-0.9
PROVISIONING SELLDOWN	0.0	1.0	-1.0	0.0	0.0
NET REQUIREMENTS	51.5	5.0	2.3	38.5	97.3

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
 OPERATING REQUIREMENT BY WEAPON SYSTEM
 BUDGET PROJECT 34
 (DOLLARS IN MILLIONS)

SM-3B

FY 1999

Weapon System	Operating Outfitting	Special Programs	Basic Replen	Total
A4		0.0	0.0	0.0
SUP EQUIP		0.0	30.5	30.5
HELOS		2.3	33.4	35.7
F14		0.0	12.9	12.9
P3		0.0	17.7	17.7
S3		5.8	1.9	7.7
J-52		1.0	4.5	5.5
E2/C2		0.0	12.2	12.2
AV8		33.8	8.9	42.7
F/A18A		59.8	28.7	88.5
OTHER		<u>19.0</u>	<u>4.5</u>	<u>23.5</u>
SUBTOTAL		121.6	155.2	276.8
TERM/CR MO				-5.1
CIT				-69.7
VECP				1.7
SSR				0.0
DMR SAVINGS				-1.1
LONG TERM CONTRACTS				<u>-1.1</u>
TOTAL				201.5
SYSTEM STOCK:INITIAL FOLLOW-ON				<u>5.7</u>
OPERATING REQUIREMENT				207.2

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
OPERATING OBLIGATIONS BY WEAPON SYSTEM (\$M)
FY00 REAPPORTIONMENT
BUDGET PROJECT 81
FY1999

SM-3B

WEAPON SYSTEM NAME	BASIC REPLEN	OUTFITTING	STOCK	SPECIAL PROGRAMS	REWORK	TOTAL
.5FLSIP+ COSAL				8.1		8.1
AEGIS	3.4	6.3	0.2	4.3	12.8	27.0
AIR TRAFFIC CONTROL	1.6	0.3	0.4		11.3	13.6
AIR/AIR & AIR/GROUND MISSILES	0.2				0.6	0.8
AUXILIARY	0.5			1.5	5.6	7.6
BOSS III				1.4		1.4
CARPER				4.6	0.5	5.1
CEC		0.8				0.8
CIWS	2.1	0.6	0.6	2.7	8.0	14.0
DC & DECK	0.2	0.1	0.2	0.3	1.5	2.3
DIESEL PROPULSION	1.4				3.7	5.1
DSSP	0.0	0.4	0.7		0.7	1.8
ELECTRICAL	1.0	0.2	0.4		3.0	4.6
EOD					0.4	0.4
EXCOMM	0.7	1.8	1.9		4.5	8.9
GAS & STEAM PROPULSION	1.2			0.4	6.7	8.3
GPETE/CAL STD				15.0	0.6	15.6
GUNS/HANDLING EQUIP	1.1	1.1	0.2		3.7	6.1
HELO LAND SYS		0.2			1.9	2.1
INTERNAL/SHORE COMM	1.2		0.2		2.0	3.4
LM 2500	1.3	0.2	0.7	0.8	9.9	12.9
LOADLIST				3.5		3.5
MINESWARFARE	1.0	0.7	0.3		3.0	5.0
MISC LOW DOLLAR PROGRAMS		0.3	0.9	1.0		2.2
MISC SEA MISSILES	0.3	0.6	0.1			1.0
MISC TEST EQUIP	0.2				0.5	0.7
MSC	0.4				0.2	0.6
NAVIGATION	0.7	0.6	0.2		5.2	6.7
NDI	2.4				1.4	3.8
NSO				0.4		0.4
NUCLEAR	3.2	1.7	0.8	0.4	2.0	8.1
OSI MAINTENANCE				12.3		12.3
OSM	0.4				0.3	0.7
RADARS	0.8	0.4	0.1	0.6	5.6	7.5
RADIAC					0.3	0.3
SATCOM/CFEE	1.3	0.6	0.7		4.3	6.9
SEA MISSILES(MK92)	1.1				9.5	10.6
SEOC MSP				0.1		0.1
SHIPALT				2.5		2.5
SIDEWINDER/HARPOON	0.7				1.2	1.9
SONARS	0.3				0.6	0.9
SPECWAR	1.2	0.1	1.2		2.1	4.6
SQQ-32	1.1			0.4	3.2	4.7
SQQ-89	0.6	0.4	0.4		3.3	4.7
SSPL				1.5		1.5
SUB ACOUSTIC SONAR	1.0		0.9		5.7	7.6
SUB ARMAMENT/DEFENSE	0.5	0.4	0.5	0.1	2.2	3.7
SUB ATMOS CONTROL	1.0	0.6	0.6		3.9	6.1
SUB AUX/MISC	0.2				0.5	0.7
SUB COMM/ANT/MONITOR	0.4	0.5	0.3		3.6	4.8
SUB CONTROL NAVIG SYS	0.6		0.1		9.0	9.7
SUB ENGINEER/DIESEL SUP	3.3			0.1	3.5	6.9
SUB MISC SONAR/ADF	1.5	0.1	0.1		1.5	3.2
SUB SURVEILLANCE	0.4	0.3	0.4		3.5	4.6
SUBSAFE/LEVEL I	2.2		0.2		2.0	4.4
SURVEILLANCE	0.5	1.4	0.8		3.0	5.7
TACTICAL COMPUTERS	0.4	1.0	0.2	0.7	2.8	5.1
TACTICAL DISPLAYS \$ PERIPHS	0.5	1.0	0.4		4.0	5.9
TECH REFERRALS				1.5		1.5

BP81 SM-3B, FY 1999 (Continued)

WEAPON SYSTEM NAME	BASIC <u>REPLEN</u>	<u>OUTFITTING</u>	<u>STOCK</u>	SPECIAL <u>PROGRAMS</u>	<u>REWORK</u>	<u>TOTAL</u>
TLL ADVANCED PPRS				0.4		0.4
TOMAHAWK	0.4	0.6	0.1		0.3	1.4
TORPEDOES	0.9		0.1		3.3	4.3
TRF LOADLIST				2.0		2.0
TRNG DEV & EW	1.0	3.1	0.5		5.3	9.9
USC-38	2.3	2.3	9.8		1.4	15.8
VALVES	1.0				3.9	4.9
VERTICAL LAUNCH SYSTEM	0.1				0.8	0.9
GROSS REQUIREMENTS	49.8	28.7	25.2	66.6	180.3	350.6
CREDIT MODS	-7.7	-4.7	-2.2	-10.4	-20.6	-45.6
CONTRACT TERMS	-1.6	-0.7	-0.6	-1.4	-0.2	-4.5
PR99				-1.4		-1.4
ASSET APPLICATION		-6.2	-3.5			-9.7
PROVISIONING SELLDOWN	0.0	5.8	-5.8	0.0	0.0	0.0
NET REQUIREMENTS	40.5	22.9	13.1	53.4	159.5	289.4

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
 OPERATING REQUIREMENT BY WEAPON SYSTEM
 BUDGET PROJECT 85
 (DOLLARS IN MILLIONS)

SM-3B

FY 1999

Weapon System	Buy In Outfitting	Special Programs	Basic Replen	Repair	Total
A-4	0.0	0.0	0.6	5.4	6.0
SUPPT EQUIPMT	32.3	0.0	2.4	27.3	61.9
HELOS	67.1	22.9	31.0	316.6	437.5
F-14	0.4	0.0	16.3	129.8	146.5
P-3	7.1	2.9	6.1	77.0	93.0
S-3	2.5	0.0	5.9	78.2	86.6
EA-6	0.0	0.0	4.9	34.4	39.3
E2/C2	40.8	0.0	4.4	47.8	93.0
AV8	12.8	0.0	3.1	55.5	71.5
F/A18	60.2	25.9	19.1	318.7	423.9
COMMON A/C & AVIONICS	54.3	2.9	7.2	67.3	131.7
TERM/CR MODS	-5.0		-7.2		-12.3
NAVAUD Marks/Hughes/Lucas			-4.1	14.3	10.2
REDUCTIONS FOR EFFICIENCIES	-33.3				-33.3
LECP'S INVESTMENT/SAVINGS			33.1	-14.4	18.7
TOTAL	239.1	54.5	122.7	1157.9	1574.2
SYSTEM STOCK: INITIAL/FOLLOW-ON					40.7
OPERATING REQUIREMENT					1614.9

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
OPERATING OBLIGATIONS BY WEAPON SYSTEM (\$M)
FY00 REAPPORTIONMENT
BUDGET PROJECT 14
FY2000

SM-3B

<u>WEAPON SYSTEM NAME</u>	<u>BASIC REPLEN</u>	<u>OUTFITTING</u>	<u>STOCK</u>	<u>SPECIAL PROGRAMS</u>	<u>TOTAL</u>
AEGIS	0.4				0.4
AIR/AIR & AIR/GROUND MISSILES	0.1				0.1
AUXILIARY	0.8				0.8
CARPER				3.2	3.2
CIWS	2.1				2.1
DC & DECK	5.1			23.1	28.2
DIESEL PROP	0.7				0.7
DSSP	0.3	0.1	0.4		0.8
ELECTRICAL	0.4				0.4
EOD	1.4				1.4
EXCOMM	0.2				0.2
GAS & STEAM PROP	0.6				0.6
GPETE/CAL STD				1.1	1.1
GUNS/HANDLING EQUIP	2.9				2.9
HELO LAND SYS	0.2				0.2
INTERNAL/SHORE COMM	0.1				0.1
LM 2500	0.2				0.2
LOAD LIST				0.1	0.1
MISC LOW DOLLAR PROGRAMS				0.1	0.1
MINEWARFARE	0.3				0.3
MISC TEST EQUIP	1.8				1.8
MSC	0.2				0.2
NAVIGATION	0.1				0.1
NDI	2.4				2.4
NSO				1.0	1.0
NUCLEAR	11.0	4.7	2.4	1.5	19.6
OSI MAINTENANCE				1.8	1.8
PREMIUM SERVICE PROGRAM				0.3	0.3
RADARS & SONARS	0.2				0.2
SEA MISSILES(MK92)	0.4				0.4
SEOC				1.5	1.5
SHIPALT (REPLEN)				0.2	0.2
SIDEWINDER/HARPOON	1.9				1.9
SPEC WARFARE	0.5		0.1	0.7	1.3
SQQ-89	0.2				0.2
SSPL				0.3	0.3
SSR				6.6	6.6
SUB ACOUSTIC SONAR	0.8		0.2		1.0
SUB ARMAMENT/DEFENSE	2.6			0.9	3.5
SUB ATMOS CONTROL	0.1				0.1
SUB AUX/MISC	5.2				5.2
SUB COMM/ANT/MONITOR	4.2				4.2
SUB CONTROL NAVIG SYS	0.4				0.4
SUB ENGINEER/DIESEL SUP	3.0				3.0
SUBSAFE/LEVEL I	7.0	0.1	0.1		7.2
SUB SURVEILLANCE	0.4				0.4
SURVEILLANCE	0.6				0.6
SWS	0.1				0.1
TLL ADVANCED PPRS				0.6	0.6
TORPEDOES	0.6				0.6
TRNG DEV & EW	0.2				0.2
TRF LOADLIST				0.9	0.9
VALVES	2.0				2.0
GROSS REQUIREMENTS	61.7	4.9	3.2	43.9	113.7
CONTRACT TERMS	-0.6			-0.4	-1.0
CREDIT MODS	-0.6			-0.4	-1.0
ASSET APPLICATIONS		-0.9	-0.1		-1.0
REDUCTIONS FOR EFFICIENCY	-1.2			-3.0	-4.2
PROVISIONING SELLDOWN	0.0	1.0	-1.0	0.0	0.0
NET REQUIREMENTS	59.3	5.0	2.1	40.1	106.5

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
 OPERATING REQUIREMENT BY WEAPON SYSTEM
 BUDGET PROJECT 34
 (DOLLARS IN MILLIONS)

SM-3B

FY 2000

Weapon System	Operating Outfitting	Special Programs	Basic Replen	Total
A4		0.0	0.0	0.0
SUP EQUIP		0.0	36.9	36.9
HELOS		2.3	40.4	42.7
F14		0.0	15.6	15.6
P3		0.0	21.4	21.4
S3		0.0	2.3	2.3
J-52		9.0	5.4	14.4
E2/C2		0.0	14.7	14.7
AV8		0.0	10.8	10.8
F/A18A		59.9	34.6	94.5
OTHER		<u>4.0</u>	<u>5.5</u>	9.5
SUBTOTAL		75.2	187.5	262.7
TERM/CR MO				-5.1
CIT				-81.5
VECP				1.2
SSR				11.7
LONG TERM CONTRACTS				<u>6.7</u>
TOTAL				195.7
SYSTEM STOCK:INITIAL FOLLOW-ON				<u>26.1</u>
OPERATING REQUIREMENT				221.8

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
OPERATING OBLIGATIONS BY WEAPON SYSTEM (\$M)
FY00 REAPPORTIONMENT
BUDGET PROJECT 81
FY2000

SM-3B

<u>WEAPON SYSTEM NAME</u>	<u>BASIC REPLEN</u>	<u>OUTFITTING</u>	<u>STOCK</u>	<u>SPECIAL PROGRAMS</u>	<u>REWORK</u>	<u>TOTAL</u>
.5 FLSIP+ COSAL				3.8		3.8
AEGIS	3.2	3.5	1.1	6.1	12.5	26.4
AIR TRAFFIC CONTROL	1.7	0.3	0.4		11.3	13.7
AIR/AIR & AIR/GROUND MISSILES	0.2				0.2	0.4
AUXILIARY	0.2				4.9	5.1
BOSS III				6.0		6.0
CARPER				6.2	0.2	6.4
CEC		2.6				2.6
CIWS	2.3	0.6	0.5	1.4	7.5	12.3
DC & DECK	0.3			2.6	0.7	3.6
DIESEL PROPULSION	1.5				3.2	4.7
DSSP		0.3	1.8		0.7	2.8
DVD				8.8	7.6	16.4
ELECTRICAL	1.3	0.3	0.7		2.3	4.6
EOD	0.1				0.3	0.4
EXCOMM	0.8	3.5	1.2		4.5	10.0
GAS & STEAM PROPULSION	1.2			4.2	6.9	12.3
GPETE/CAL STD				16.3	0.6	16.9
GUNS/HANDLING EQUIP	1.3	1.4	2.3		3.8	8.8
HELO LAND SYS	0.6	0.2			2.6	3.4
INTERNAL/ShORE COMM	1.4	0.6	0.6		1.6	4.2
LM 2500	1.6	0.2	0.7	0.3	12.1	14.9
LOADLIST				0.3		0.3
MINE WARFARE	1.2	0.2	1.4		2.6	5.4
MISC LOW DOLLAR PROGRAMS				1.0		1.0
MISC SEA MISSILES	0.4	0.2	0.4			1.0
MISC TEST EQUIP	0.2				0.5	0.7
MSC	0.3				0.1	0.4
NAVIGATION	0.5	0.9	0.6		4.9	6.9
NDI	2.6				1.7	4.3
NSO				6.4		6.4
NUCLEAR	2.7	1.7	0.8	0.4	1.6	7.2
OSI MAINTENANCE				12.4		12.4
OSM	0.2				0.3	0.5
PREMIUM SERVICE PROGRAM				0.2		0.2
RADARS	1.0	0.5			5.7	7.2
RADIAC					0.4	0.4
SATCOM/CFEE	1.4	1.6	1.6		3.6	8.2
SEA MISSILES(MK92)	1.0		0.1		10.3	11.4
SEOC MSP				0.1		0.1
SHIPALT				3.4		3.4
SIDEWINDER/HARPOON	0.8				1.2	2.0
SONARS	0.2				0.5	0.7
SPEC WARFARE	1.1		0.5		2.4	4.0
SQQ-32	1.1				1.9	3.0
SQQ-89	0.7	1.0			2.8	4.5
SSPL				1.5		1.5
SUB ACOUSTIC SONAR	0.9	0.1	0.5		6.1	7.6
SUB ARMAMENT/DEFENSE	0.3	0.3		0.2	1.9	2.7
SUB ATMOS CONTROL	0.8				6.9	7.7
SUB AUX/MISC	0.1	0.2			0.3	0.6
SUB COMM/ANT/MONITOR	0.4	4.6	2.5		3.3	10.8
SUB CONTROL NAVIG SYS	1.0	0.3	0.1		10.9	12.3
SUB ENGINEER/DIESEL SUP	3.2			0.7	2.7	6.6
SUB MISC SONAR/ADF	1.3	0.1			1.4	2.8
SUB SURVEILLANCE	0.4	0.7	0.3		4.4	5.8
SUBSAFE/LEVEL I	2.3		0.2		2.1	4.6
SURVEILLANCE	0.9	0.9	1.2		2.7	5.7
TACTICAL COMPUTERS	0.5	0.5	0.3		4.3	5.6
TACTICAL DISPLAYS \$ PERIPHS	0.8	1.6	0.4		4.4	7.2
TECH REFERRALS				1.7		1.7
TLL ADVANCED PPRS				2.9		2.9
TOMAHAWK	0.4	0.4			0.3	1.1

BP81 SM-3B, FY 2000 (Continued)

WEAPON SYSTEM NAME	BASIC <u>REPLEN</u>	<u>OUTFITTING</u>	<u>STOCK</u>	SPECIAL <u>PROGRAMS</u>	<u>REWORK</u>	<u>TOTAL</u>
TORPEDOES	0.8				2.7	3.5
TRF LOADLIST				2.0		2.0
TRNG DEV & EW	1.1	1.1	0.5		4.2	6.9
USC-38	2.0	1.1	3.5		1.5	8.1
VALVES	1.3				3.2	4.5
VERTICAL LAUNCH SYSTEM	0.1				1.6	1.7
GROSS REQUIREMENTS	51.7	31.5	24.2	88.9	188.9	385.2
CREDIT MOD	-4.4	-2.9	-2.2	-5.5	-10.0	-25.0
CONT TERM	-1.5	-1.0	-0.7	-1.8		-5.0
ASSET APPLICATIONS		-5.3	-2.9			-8.2
REDUCTIONS FOR EFFICIENCY	-3.6			-6.9		-10.5
PBD 426	-2.6					-2.6
PROVISIONING SELLDOWN	0.0	5.7	-5.7	0.0	0.0	0.0
NET REQUIREMENTS	39.6	28.0	12.7	74.7	178.9	333.9

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
 OPERATING REQUIREMENT BY WEAPON SYSTEM
 BUDGET PROJECT 85
 (DOLLARS IN MILLIONS)

SM-3B

FY 2000

Weapon System	Buy In Outfitting	Special Programs	Basic Replen	Repair	Total
A-4	0.0	0.0	1.0	7.3	8.3
SUPPT EQUIPMT	8.6	0.0	4.6	31.9	45.1
HELOS	61.8	69.0	57.8	309.6	498.2
F-14	14.9	0.0	28.5	146.9	190.3
P-3	13.0	0.0	10.6	96.1	119.7
S-3	0.0	0.0	11.7	84.2	95.9
EA-6	7.9	0.9	8.9	37.0	54.6
E2/C2	2.1	0.0	7.9	53.6	63.6
AV8	0.4	0.0	6.2	61.8	68.4
F/A18	182.1	35.3	37.7	306.1	561.2
COMMON A/C & AVIONICS	39.0	2.6	13.4	99.2	154.2
TERM/CR MODS	0.0		-11.1		-11.1
NAVAUD Marks			-3.1	0.0	-3.1
REDUCTIONS FOR EFFICIENCIES	-38.6				-38.6
LECP'S INVESTMENT/SAVINGS			35.4	-30.9	4.5
TOTAL	291.2	107.7	209.4	1202.8	1811.1
SYSTEM STOCK: INITIAL/FOLLOW-ON					48.7
OPERATING REQUIREMENT					1859.8

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
OPERATING OBLIGATIONS BY WEAPON SYSTEM (\$M)
FY00 REAPPORTIONMENT
BUDGET PROJECT 14
FY2001

SM-3B

<u>WEAPON SYSTEM NAME</u>	<u>BASIC REPLEN</u>	<u>OUTFITTING</u>	<u>STOCK</u>	<u>SPECIAL PROGRAMS</u>	<u>TOTAL</u>
AEGIS	0.3				0.3
AUXILIARY	0.6				0.6
CIWS	2.1			0.1	2.2
DC & DECK	4.0			25.2	29.2
DIESEL PROP	0.8				0.8
DSSP	0.3	0.1	0.4		0.8
ELECTRICAL	0.4				0.4
EOD	1.5				1.5
EXCOMM	0.1				0.1
GAS & STEAM PROP	0.6				0.6
GPETE/CAL STD				1.1	1.1
GUNS/HANDLING EQUIP	3.0				3.0
HELO LAND SYS	0.3				0.3
INTERNAL/SHORE COMM	0.1				0.1
LM 2500	0.1				0.1
LOAD LIST				0.1	0.1
MINE WARFARE	0.3				0.3
MISC TEST EQUIP	1.9				1.9
MSC	0.1				0.1
NAVIGATION	0.1				0.1
NDI	2.4				2.4
NSO				0.5	0.5
NUCLEAR	11.1	4.8	2.3	1.5	19.7
OSI MAINTENANCE				1.8	1.8
PREMIUM SERVICE PROGRAM				0.4	0.4
RADARS	0.3				0.3
SEA MISSILES (MK92)	0.4				0.4
SEOC				1.3	1.3
SHIPALT (REPLEN)				0.1	0.1
SIDEWINDER/HARPOON	2.1				2.1
SPEC WARFARE	0.4		0.1	0.8	1.3
SSPL				0.3	0.3
SSR				7.8	7.8
SUB ACOUSTIC SONAR	0.8		0.2		1.0
SUB ARMAMENT/DEFENSE	2.3			1.5	3.8
SUB ATMOS CONTROL	0.2				0.2
SUB AUX/MISC	5.3				5.3
SUB COMM/ANT/MONITOR	3.9				3.9
SUB CONTROL NAVIG SYS	0.4				0.4
SUB ENGINEER/DIESEL SUP	2.7				2.7
SUBSAFE/LEVEL I	7.1		0.1		7.2
SUB SURVEILLANCE	0.6				0.6
SURVEILLANCE	0.5				0.5
SWS	0.1				0.1
TLL ADVANCED PPRS				0.3	0.3
TORPEDOES	0.5				0.5
TRNG DEV & EW	0.1				0.1
TRF LOADLIST				0.9	0.9
VALVES	2.0				2.0
GROSS REQUIREMENTS	59.8	4.9	3.1	43.7	111.5
CONTRACT TERMS	-0.6			-0.4	-1.0
CREDIT MODS	-0.6			-0.4	-1.0
ASSET APPLICATIONS		-0.9	-0.1		-1.0
REDUCTIONS FOR EFFICIENCY				-3.0	-3.0
STOCK LOSS	-1.0				-1.0
NON MATERIAL				0.1	0.1
PROVISIONING SELLDOWN	0.0	1.0	-1.0	0.0	0.0
NET REQUIREMENTS	57.6	5.0	2.0	40.0	104.6

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
 OPERATING REQUIREMENT BY WEAPON SYSTEM
 BUDGET PROJECT 34
 (DOLLARS IN MILLIONS)

SM-3B

FY 2001

Weapon System	Operating Outfitting	Special Programs	Basic Replen	Total
A4		0.0	0.0	0.0
SUP EQUIP		0.0	31.0	31.0
HELOS		0.0	33.9	33.9
F14		0.0	13.1	13.1
P3		0.0	18.0	18.0
S3		0.0	1.9	1.9
J-52		5.3	4.6	9.9
E2/C2		0.0	12.4	12.4
AV8		0.0	9.1	9.1
F/A18A		60.0	29.1	89.1
OTHER		<u>18.7</u>	<u>4.6</u>	<u>23.3</u>
SUBTOTAL		84.0	157.6	241.6
TERM/CR MO				-3.5
CIT				-82.9
VECP				1.2
SSR				23.4
LONG TERM CONTRACTS				<u>5.6</u>
TOTAL				185.4
SYSTEM STOCK:INITIAL FOLLOW-ON				<u>23.6</u>
OPERATING REQUIREMENT				209.0

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
OPERATING OBLIGATIONS BY WEAPON SYSTEM (\$M)
FY00 REAPPORTIONMENT
BUDGET PROJECT 81
FY2001

SM-3B

<u>WEAPON SYSTEM NAME</u>	<u>BASIC REPLEN</u>	<u>OUTFITTING</u>	<u>STOCK</u>	<u>SPECIAL PROGRAMS</u>	<u>REWORK</u>	<u>TOTAL</u>
.5 FLSIP+ COSAL				3.8		3.8
AEGIS	3.5	3.1	0.8		16.1	23.5
AIR TRAFFIC CONTROL	1.8	0.6	0.5		9.4	12.3
AIR/AIR & AIR/GROUND MISSILES	0.1		0.1		0.2	0.4
AUXILIARY	0.3				5.1	5.4
BOSS III				6.0		6.0
CARPER				6.7	0.4	7.1
CEC		3.8				3.8
CIWS	2.5	0.4	0.3	0.9	8.5	12.6
DC & DECK	0.2	0.1	0.1	2.0	0.7	3.1
DIESEL PROP	1.9				6.5	8.4
DSSP		0.3	1.7		0.8	2.8
DVD				8.6	9.9	18.5
ELECTRICAL	1.1	0.2	0.5		2.7	4.5
EOD	0.1				0.3	0.4
EXCOMM	1.0	4.9	1.5		5.1	12.5
GAS & STEAM PROP	1.0				7.5	8.5
GPETE/CAL STD				12.9	0.7	13.6
GUNS/HANDLING EQUIP	1.1	2.4	2.3		4.7	10.5
HELO LAND SYS	0.6	0.2			2.6	3.4
INTERNAL/SHORE COMM	1.7	0.4	0.3		1.7	4.1
LM 2500	1.5	0.2	0.7	0.3	13.3	16.0
LOADLIST				0.3		0.3
MINE WARFARE	1.3	0.4	2.8		2.8	7.3
MISC SEA MISSILES	0.4	0.6	0.1			1.1
MISC TEST EQUIP	0.3				0.5	0.8
MSC	0.2				0.1	0.3
NAVIGATION	0.5	0.7	0.4		5.3	6.9
NDI	2.6				1.7	4.3
NSO				7.9		7.9
NUCLEAR	2.7	1.7	0.8	0.4	1.7	7.3
OSI MAINTENANCE				9.2		9.2
OSM	0.2				0.2	0.4
PREMIUM SERVICE PROGRAM				0.2		0.2
RADARS	0.9	0.2			6.4	7.5
RADIAC					0.5	0.5
SATCOM/CFEE	1.9	2.0	1.5		4.2	9.6
SEA MISSILES(MK92)	0.9				12.7	13.6
SEOC MSP				0.1		0.1
SHIPALT				9.2		9.2
SIDEWINDER/HARPOON	0.7				1.4	2.1
SONARS	0.2				0.6	0.8
SPEC WARFARE	1.6		0.3		2.5	4.4
SQQ-32	1.2				2.3	3.5
SQQ-89	0.5	3.9	0.3		3.2	7.9
SSPL				1.5		1.5
SUB ACOUSTIC SONAR	1.2	0.6	0.2		6.6	8.6
SUB ARMAMENT/DEFENSE	0.5	0.5		0.3	2.1	3.4
SUB ATMOS CONTROL	0.6				7.0	7.6
SUB AUX/MISC	0.3	0.2			0.3	0.8
SUB COMM/ANT/MONITOR	0.5	5.3	0.1		3.8	9.7
SUB CONTROL NAVIG SYS	0.9				11.4	12.3
SUB ENGINEER/DIESEL SUP	3.1				1.3	4.4
SUB MISC SONAR/ADF	1.4	0.1			1.5	3.0
SUB SURVEILLANCE	0.5	1.8	0.1		5.0	7.4
SUBSAFE/LEVEL I	2.1		0.1		2.2	4.4
SURVEILLANCE	0.7	3.6	2.9		3.0	10.2
TACTICAL COMPUTERS	0.2	0.4	0.2		4.9	5.7
TACTICAL DISPLAYS \$ PERIPHS	0.4	0.8	0.3		4.6	6.1
TECH REFERRALS				1.7		1.7

BP81 SM-3B, FY 2001 (Continued)

WEAPON SYSTEM NAME	<u>BASIC REPLEN</u>	<u>OUTFITTING</u>	<u>STOCK</u>	<u>SPECIAL PROGRAMS</u>	<u>REWORK</u>	<u>TOTAL</u>
TLL ADVANCED PPRS				0.7		0.7
TOMAHAWK	0.3	0.3			0.4	1.0
TORPEDOES	1.1		0.3		3.3	4.7
TRF LOADLIST				2.0		2.0
TRNG DEV & EW	1.0	2.0	0.1		4.5	7.6
UNASSIGNED					0.4	0.4
USC-38	2.3	1.9	2.7		1.5	8.4
VALVES	1.2				3.3	4.5
VERTICAL LAUNCH SYSTEM	0.1				1.7	1.8
GROSS REQUIREMENTS	52.9	43.6	22.0	74.7	211.1	404.3
CREDIT MOD	-4.7	-4.2	-2.0	-4.1	-10.0	-25.0
CONT TERM	-1.6	-1.3	-0.7	-1.4		-5.0
ASSET APPLICATIONS		-8.8	-2.0			-10.8
REDUCTIONS FOR EFFICIENCY				-5.3	-20.0	-25.3
NON MATERIAL				0.6		0.6
PBD 426	-1.7					-1.7
PROVISIONING SELLDOWN	0	5.3	-5.3	0.0	0.0	0.0
NET REQUIREMENTS	44.9	34.6	12.0	64.5	181.1	337.1

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
 OPERATING REQUIREMENT BY WEAPON SYSTEM
 BUDGET PROJECT 85
 (DOLLARS IN MILLIONS)

SM-3B

FY 2001

Weapon System	Buy In Outfitting	Special Programs	Basic Replen	Repair	Total	
A-4	0.0	0.0	0.8	6.9	7.7	
SUPPT EQUIPMT	8.1	0.0	4.7	34.5	47.4	
HELOS	71.0	0.0	45.2	330.1	446.3	
F-14	0.0	0.0	22.3	153.0	175.3	
P-3	3.0	0.0	8.4	98.5	109.9	
S-3	4.4	0.0	9.4	88.8	102.6	
EA-6	12.0	0.0	7.0	41.7	60.7	
E2/C2	0.9	0.0	6.3	58.6	65.8	
AV8	0.3	0.0	5.0	58.1	63.3	
F/A18	153.8	42.8	30.2	318.0	544.7	
COMMON A/C & AVIONICS	36.2	32.6	10.6	106.1	185.5	
TERM/CR MODS	-5.0		-6.1		-11.1	
NAVAUD Marks			-3.1		-3.1	
REDUCTIONS FOR EFFICIENCIES	-76.6	0.0			-76.6	
LECP'S INVESTMENT/SAVINGS			32.7	-35.7	-3.0	
TOTAL	208.0	75.4	173.3	1258.6	1715.3	
SYSTEM STOCK: INITIAL/FOLLOW-ON					84.1	
OPERATING REQUIREMENT					1799.4	

Department of Navy, Supply Mangement

SM-4

INVENTORY STATUS

Budget Project Summary

(Dollars in Millions)

FY1999

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	32,213.0	237.6	13,541.8	18,433.6
2. BOP INVENTORY ADJUSTMENTS	(2,032.0)	(4.8)	2,019.2	(4,046.4)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	2,676.3	(2,676.3)
B. PRICE CHANGE AMOUNT (memo)	(2,032.0)	(4.8)	(657.1)	(1,370.1)
C. INVENTORY RECLASSIFIED AND REPRICED	30,181.0	232.8	15,561.0	14,387.2
3. RECEIPTS AT STANDARD	3,595.2	4.0	3,565.6	25.6
4. SALES AT STANDARD	5,284.3	0.0	5,284.3	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	1,318.5	(0.1)	1,324.1	(5.5)
B. RETURNS FROM CUSTOMERS FOR CREDIT	312.4	0.3	239.1	73.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	13,244.7	0.0	5,817.9	7,426.8
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(3,893.7)	0.0	(0.1)	(3,893.6)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(694.9)	0.0	(249.4)	(445.5)
G. OTHER (listed in Section 9)	(6,822.9)	(0.1)	(7,633.8)	811.0
H. TOTAL ADJUSTMENTS	3,464.1	0.1	(502.2)	3,966.2
6. INVENTORY EOP	31,971.8	236.9	13,355.9	18,379.0
7. INVENTORY EOP (REVALUED)	21,476.0	152.1	9,328.1	11,995.8
A. APPROVED ACQUISITION OBJECTIVE (memo)				8,135.2
B. ECONOMIC RETENTION (memo)				1,898.4
C. CONTINGENCY RETENTION (memo)				1,513.2
D. POTENTIAL DOD REUTILIZATION (memo)				449.0
8. INVENTORY ON ORDER EOP (memo)	1,351.4	0.0	1,274.1	77.3
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(2.5)	0.0	(75.4)	72.9
Strata Transfers	(0.1)	(1.7)	(835.1)	836.7
Net/Standard Difference	(6,671.5)	1.9	(6,716.4)	43.0
Inventories Decapitalized	(148.8)	(0.3)	(6.9)	(141.6)
	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0
Total	(6,822.9)	(0.1)	(7,633.8)	811.0

Department of Navy, Supply Mangement
INVENTORY STATUS
Budget Project Summary
(Dollars in Millions)
FY2000

SM-4

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	31,971.8	236.9	13,355.9	18,379.0
2. BOP INVENTORY ADJUSTMENTS	(993.6)	(2.5)	3,969.3	(4,960.4)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	4,371.4	(4,371.4)
B. PRICE CHANGE AMOUNT (memo)	(993.6)	(2.5)	(402.1)	(589.0)
C. INVENTORY RECLASSIFIED AND REPRICED	30,978.2	234.4	17,325.2	13,418.6
3. RECEIPTS AT STANDARD	2,734.5	0.6	2,723.1	10.8
4. SALES AT STANDARD	4,714.7	0.0	4,714.7	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	1,693.3	0.0	1,560.6	132.7
B. RETURNS FROM CUSTOMERS FOR CREDIT	154.3	0.1	135.6	18.6
C. RETURNS FROM CUSTOMERS, NO CREDIT	8,903.0	0.0	2,222.4	6,680.6
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(3,616.6)	0.0	(0.1)	(3,616.5)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(192.0)	0.0	(152.0)	(40.0)
G. OTHER (listed in Section 9)	(5,379.6)	8.6	(4,609.1)	(779.1)
H. TOTAL ADJUSTMENTS	1,562.4	8.7	(842.6)	2,396.3
6. INVENTORY EOP	30,560.4	243.7	14,491.0	15,825.7
7. INVENTORY EOP (REVALUED)	19,671.9	156.0	10,580.6	8,935.3
A. APPROVED ACQUISITION OBJECTIVE (memo)				5,717.0
B. ECONOMIC RETENTION (memo)				1,521.9
C. CONTINGENCY RETENTION (memo)				1,339.7
D. POTENTIAL DOD REUTILIZATION (memo)				356.7
8. INVENTORY ON ORDER EOP (memo)	1,562.0	0.0	1,530.5	31.5
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	9.7	0.0	(4.6)	14.3
Strata Transfers	0.0	0.0	699.3	(699.3)
Net/Standard Difference	(5,279.3)	8.6	(5,303.8)	15.9
Inventories Decapitalized	(110.0)	0.0	0.0	(110.0)
	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0
Total	(5,379.6)	8.6	(4,609.1)	(779.1)

Department of Navy, Supply Mangement
INVENTORY STATUS
Budget Project Summary
(Dollars in Millions)
FY2001

SM-4

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	30,560.4	243.7	14,491.0	15,825.7
2. BOP INVENTORY ADJUSTMENTS	3,460.9	5.3	6,426.3	(2,970.7)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	4,611.4	(4,611.4)
B. PRICE CHANGE AMOUNT (memo)	3,460.9	5.3	1,814.9	1,640.7
C. INVENTORY RECLASSIFIED AND REPRICED	34,021.3	249.0	20,917.3	12,855.0
3. RECEIPTS AT STANDARD	3,340.1	0.3	3,355.7	(15.9)
4. SALES AT STANDARD	5,309.9	0.0	5,309.9	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	19.3	0.0	3.7	15.6
B. RETURNS FROM CUSTOMERS FOR CREDIT	149.3	0.1	90.5	58.7
C. RETURNS FROM CUSTOMERS, NO CREDIT	9,284.7	0.0	2,267.1	7,017.6
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(3,968.9)	0.0	(0.2)	(3,968.7)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(200.3)	0.0	(158.3)	(42.0)
G. OTHER (listed in Section 9)	(5,720.3)	8.2	(5,431.9)	(296.6)
H. TOTAL ADJUSTMENTS	(436.2)	8.3	(3,229.1)	2,784.6
6. INVENTORY EOP	31,615.3	257.6	15,734.0	15,623.7
7. INVENTORY EOP (REVALUED)	17,505.6	170.0	10,648.1	6,687.5
A. APPROVED ACQUISITION OBJECTIVE (memo)				3,331.0
B. ECONOMIC RETENTION (memo)				2,127.6
C. CONTINGENCY RETENTION (memo)				874.5
D. POTENTIAL DOD REUTILIZATION (memo)				354.4
8. INVENTORY ON ORDER EOP (memo)	1,643.5	0.0	1,610.2	33.3
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	5.1	0.0	(34.9)	40.0
Strata Transfers	0.0	0.0	196.9	(196.9)
Net/Standard Difference	(5,535.8)	8.2	(5,558.4)	14.4
Inventories Decapitalized	(189.6)	0.0	(35.5)	(154.1)
	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0
Total	(5,720.3)	8.2	(5,431.9)	(296.6)

Supply Management Activity Group
 WHOLESALE - COST RECOVERY RATE CALCULATION
 (DOLLARS IN MILLIONS)

INFORMATION REFLECTS 2001 PRESBUD SUMBIT

SM-5B

SHIPS/AVIATION	FY99	FY00	FY01
1. CY Net sales at Cost	2323.3	2906.3	2532.6
2. +/- PY Material Inflation	-69.0	-543.5	-69.1
3. CY Net Sales @ PY Cost	2254.3	2362.9	2463.6
4. PY Cost Recovery Rate	58.0%	44.3%	12.3%
5. CY Net Sales at PY Prices	3561.4	3406.4	2767.3
1A. CY Net sales at Cost	2323.3	2906.3	2532.6
4A. CY Cost Recovery Rate	44.3%	12.3%	26.2%
5A. CY Net Sales at CY Prices	3352.4	3264.6	3196.4
PERCENT CHANGE TO CUSTOMER	-5.8%	-4.3%	15.5%

NOTES:

1. FY01 Sales reflect "Gross" vice "Net" associated with MTIS initiatives.

Supply Management Activity Group
 WHOLESALE - COST RECOVERY RATE CALCULATION
 (DOLLARS IN MILLIONS)

INFORMATION REFLECTS 2001 PRESBUD SUMBIT

SM-5B

BP14-SHIPS CONSUMABLES	FY99	FY00	FY01
1. CY Net sales at Cost	100.3	113.2	107.1
2. +/- PY Material Inflation	-1.5	-16.0	-2.3
3. CY Net Sales @ PY Cost	98.8	97.2	104.8
4. PY Cost Recovery Rate	48.8%	47.2%	16.9%
5. CY Net Sales at PY Prices	147.0	142.9	122.4
1A. CY Net sales at Cost	100.3	113.2	107.1
4A. CY Cost Recovery Rate	47.2%	16.9%	36.3%
5A. CY Net Sales at CY Prices	147.7	132.3	146.0
PERCENT CHANGE TO CUSTOMER	0.4%	-7.5%	19.2%

Supply Management Activity Group
 WHOLESALE - COST RECOVERY RATE CALCULATION
 (DOLLARS IN MILLIONS)

INFORMATION REFLECTS 2001 PRESBUD SUMBIT

SM-5B

BP34-AVIATION CONSUMABLES	FY99	FY00	FY01
1. CY Net sales at Cost	213.9	220.6	203.6
2. +/- PY Material Inflation	-2.5	-34.0	-4.5
3. CY Net Sales @ PY Cost	211.4	186.6	199.1
4. PY Cost Recovery Rate	73.7%	43.6%	8.9%
5. CY Net Sales at PY Prices	367.2	268.4	216.9
1A. CY Net sales at Cost	213.9	220.6	203.6
4A. CY Cost Recovery Rate	43.6%	8.9%	26.3%
5A. CY Net Sales at CY Prices	307.1	240.3	257.1
PERCENT CHANGE TO CUSTOMER	-16.4%	-10.4%	18.5%

Supply Management Activity Group
 WHOLESALE - COST RECOVERY RATE CALCULATION
 (DOLLARS IN MILLIONS)

INFORMATION REFLECTS 2001 PRESBUD SUBMIT

SM-5B

	FY99	FY00	FY01
BP81-SHIPS REPAIRABLES			
1. CY Net sales at Cost	428.9	408.7	361.7
2. +/- PY Material Inflation	-2.0	-69.9	-6.0
3. CY Net Sales @ PY Cost	426.9	338.8	355.7
4. PY Cost Recovery Rate	59.3%	43.7%	11.5%
5. CY Net Sales at PY Prices	680.1	485.5	395.2
1A. CY Net sales at Cost	428.9	408.7	361.7
4A. CY Cost Recovery Rate	43.7%	11.5%	29.8%
5A. CY Net Sales at CY Prices	616.2	455.7	469.4
PERCENT CHANGE TO CUSTOMER	-9.4%	-6.1%	18.8%

Supply Management Activity Group
 WHOLESALE - COST RECOVERY RATE CALCULATION
 (DOLLARS IN MILLIONS)

INFORMATION REFLECTS 2001 PRESBUD SUMBIT

SM-5B

BP85-AVIATION REPAIRABLES	FY99	FY00	FY01
1. CY Net sales at Cost	1580.2	2163.8	1860.3
2. +/- PY Material Inflation	-63.0	-423.6	-56.3
3. CY Net Sales @ PY Cost	1517.2	1740.2	1804.0
4. PY Cost Recovery Rate	56.0%	44.4%	12.6%
5. CY Net Sales at PY Prices	2367.1	2509.6	2032.7
1A. CY Net sales at Cost	1580.2	2163.8	1860.3
4A. CY Cost Recovery Rate	44.4%	12.6%	24.9%
5A. CY Net Sales at CY Prices	2281.3	2436.2	2323.9
PERCENT CHANGE TO CUSTOMER	-3.6%	-2.9%	14.3%

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
Capital Investment Summary
January 2000
(\$ IN MILLIONS)

LINE NUMBER	ITEM DESCRIPTION	FY 1999 ACTUALS		FY 2000		FY 2001	
		QUANTITY	TOTAL COST	QUANTITY	TOTAL COST	QUANTITY	TOTAL COST
	1a. Non-ADP Equipment (>500,000)		0.000		0.000		0.000
0001	Replacement		0.000		0.000		0.000
0002	Environmental Compliance		0.000		0.000		0.000
	Subtotal Equipment (>500,000)		0.000		0.000		0.000
0003	1b. Non-ADPE Equipment (>25,000<500,000)	VAR	3.325	VAR	0.850	VAR	2.286
	Subtotal Non-ADPE Equipment (>25,000<500,000)		3.325		0.850		2.286
	2. ADP Equipment (>100,000)						
0004	Computer Hardware (production)	VAR	4.031	VAR	2.826	VAR	3.940
	Subtotal ADP Equipment (>100,000)		4.031		2.826		3.940
	3. Software Development (>100,000)		27.447		35.900		45.347
0005	UADPS-ICP (CDA)	33.20	2.911	38.70	3.532	38.80	3.602
0006	EPOS (AIT) (CDA)	5.60	0.487	-	0.000	-	0.000
0007	UADPS-SP/U2 (CDA)	68.40	6.000	60.30	5.509	60.30	5.597
0008	Transportation (CDA)	6.60	0.575	-	0.000	-	0.000
0009	FACTS (CDA)	-	0.000	-	0.000	-	0.000
0010	Software Services (CDA) (Note #1)	-	0.000	7.20	0.658	7.30	0.678
0011	YEAR 2000 (CDA)	12.96	1.137	-	0.000	-	0.000
0012	Financial Initiatives (Note #2)	VAR	6.169	VAR	5.703	-	0.000
0013	JLSC LEGACY Systems	VAR	2.800	VAR	0.000	VAR	0.000
0014	Commercial Asset Visibility (CAV II)	VAR	1.300	VAR	0.950	VAR	1.467
0015	Math Models	VAR	0.500	VAR	0.000	VAR	0.000
0016	Distribution Standard System (DSS)	VAR	3.000	VAR	0.811	VAR	0.816
0017	Total Asset Visibility (TAV)	VAR	0.000	VAR	3.750	VAR	5.754
0018	Paper-Free Acquisition	VAR	2.568	VAR	0.987		1.393
0019	Enterprise Resource Planning		0.000	VAR	14.000		19.000
0020	ABC / ABM		0.000	VAR	0.000	VAR	0.680
0021	INFORM-21		0.000	VAR	0.000	VAR	1.700
0022	Residual Asset Management		0.000	VAR	0.000	VAR	4.660
	Subtotal Software Development		27.447		35.900		45.347
0023	4. Minor Construction	VAR	0.564	VAR	1.000	VAR	1.584
	Subtotal Minor Construction		0.564		1.000		1.584
	GRAND TOTAL CAPITAL PURCHASE PROGRAM		35.367		40.576		53.157

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
Capital Investment Justification
February 2000

(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					03 ITEM DESCRIPTION AUTOMATED MATERIAL HANDLING SYSTEM				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
03 AUTOMATED MATERIAL HANDLING SYSTEM	VAR	VAR	375	VAR	VAR	150	VAR	VAR	150

Narrative Justification:

FY 2000 - \$150K - Funds required for replacing two wire guided, high rise trucks, used in the hazardous material operations at FISC Norfolk. This procurement is for state-of-the-art equipment to safely handle all types of hazardous material and keep pace with current demand. Due to the age and condition of the existing equipment FISC Norfolk is experiencing an inordinate amount of downtime with resultant work stoppage. Typically the equipment is down for two to three weeks, several times a year for unscheduled repairs. The extended down time is a result of longer than usual lead times for replacement parts due to aging technology on this equipment. In addition because of the special nature of this equipment and building requirements substitute trucks are not readily available within Navy or from commercial sources.

FY 2001 - \$150K - Funds required for replacing two wire guided, high rise trucks, used in hazardous material operations at FISC Pearl Harbor. Same reason as above.

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
Capital Investment Justification
February 2000
(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					03 ITEM DESCRIPTION CIVIL ENGINEERING SUPPORT EQUIPMENT				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
03 CIVIL ENGINEERING SUPPORT EQUIPMENT	VAR	VAR	750	VAR	VAR	210	VAR	VAR	343

Narrative Justification:

Civil Engineering Support Equipment: This program funds the replacement of overaged civil engineering support equipment in poor condition. Replacement costs range from \$10,000 for a generator to \$550,000 for a wheel mounted 75 ton crane. Equipment that is not replaced at the end of its expected life becomes uneconomical to maintain, unsafe and unreliable.

The NAVSUP claimancy currently has CESE which are overage and in poor condition, for which the current cost of replacement of is \$1,103,000.

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
Capital Investment Justification
February 2000
(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					03 ITEM DESCRIPTION FORLIFT TRUCKS				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
03 FORKLIFT TRUCKS	69	VAR	2,200	15	VAR	490	58	VAR	1,793

Narrative Justification:

Forklift Trucks: This program funds the procurement of new/initial outfitting and replacement material handling equipment [MHE] requirements for the Fleet and Industrial Supply Centers [FISC]. The FY 2000 request provides funds necessary to procure MHE assets in support of FISC partnering efforts with other regional commands.

Equipment which is not replaced at the end of its expected service life becomes uneconomical to maintain, unsafe, unreliable and unable to sustain increased operational tempos. Many of the over-aged forklifts currently in service are technologically obsolete, impacting mission capabilities. Additional intangible costs are also incurred, such as: increased manpower requirements, productivity losses, ineffective space utilization, material damage and leasing costs. New replacement equipment enables activities to meet handling and logistical requirements in an efficient and effective manner. Due to the age of the equipment, those identified are beyond any economical overhaul and replacement is required.

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
Capital Investment Justification
February 2000

(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					04 ITEM DESCRIPTION BASE LEVEL COMPUTING				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
04 BASE LEVEL COMPUTING (EQUIPMENT)	VAR	VAR	2,333	VAR	VAR	1,938	VAR	VAR	1,940

Narrative Justification:

Base Level Computing - Base Level Computing (BLC) is a program designed to replace and upgrade the aging interface between the end user at the keyboard and the Defense Information Systems Office (DISO) data center, for NAVSUP managed activities and other activities using the Uniform Data Processing System for Stock Points (UADPS-SP). This interface will also support the CIM system which ultimately replaces UADPS-SP. The overall program concept is described in a Mission Need Statement (MNS) approved by the Assistant Secretary of the Navy (ASN(RD&A)). Milestone decision authority was delegated to the Naval Supply Systems Command (NAVSUP). The program consists of a number of individual and independent Abbreviated System Decision Papers (ASDPs) which conform to the overall concept described in the approved MNS. The ASDPs include the justification and economic analysis associated with the work at each individual site.

The BLC Program is phased over time with information technology being replaced continuously. The ultimate goal is to build and maintain an Information Technology architecture which will support a one touch supply system which locates processing at the most economical and technically efficient level, and is consistent with overall DoD information system plan. If executed in accordance with the overall plan described in the MNS, the BLC Program will, over time, significantly improve ashore supply processing for the fleet.

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
Capital Investment Justification
February 2000

(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					04 ITEM DESCRIPTION AUTOMATED IDENTIFICATION TECHNOLOGY				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
04 AIT (EQUIPMENT)	VAR	VAR	1,548	VAR	VAR	888	VAR	VAR	2,000

Narrative Justification:

Automated Identification Technology is a suite of technologies that enables the automatic capture of source data, thereby enhancing the ability to identify, track, document and control deploying and redeploying forces, equipment, personnel and sustainment cargo. Two specific technologies are the Optical Memory Card (OMC) and Radio Frequency Identification (RFID). Effective use of OMC/RFID streamlines the DOD's logistics business processes and enhances its warfighting capability by facilitating the collection of initial source data, thereby reducing administrative and logistics costs. It also eliminates errors and speeds collection and transmission of data in a wide variety of applications. OMC and RFID facilitate Total Asset Visibility by eliminating data entry errors and bridging the gaps between current computer systems. In short, OMC and RFID greatly reduces the need for paper transactions as well as manual data entry. DOD has employed OMC and RFID technologies for several years and has used these sophisticated AIT devices during recent operations in Somalia, Haiti and Bosnia. The sophistication of RFID device capability, accuracy, reliability and stand-off capability continues to grow, opening new opportunities to exploit the technologies. Traditionally used mostly in transportation, RFID is expanding rapidly into maintenance and other areas of logistics. One breakthrough blends micro-electro-mechanical devices with radio frequency systems to improve the safety and service life of ordnance. Both systems require new equipment and programming. OMC and RFID have generated significant cost avoidance's and cost savings in the functional areas of physical inventory, inventory location survey, material receiving and issue, in-transit visibility and plant property accounting. OMC and RFID also promote increased productivity, data accuracy, increased asset visibility, afloat and ashore life cycle support utilizing existing and new equipment and communication interfaces. DMRD 987, "Inventory Reduction Plan Improvement (IRP) specifically cites AIT as a new technology. Navy must continue AIT exploitation to enhance readiness, responsiveness, productivity, inventory control and the overall quality of logistics support. The significant increase in requirements is a result of technological breakthroughs in size and cost of the MEMS/RFID. This budget request reflects the anticipated growth of optical memory card and radio-frequency equipment afloat and ashore to support the DOD Logistics AIT Concept of Operations (CONOPS)

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
Capital Investment Justification
February 2000
(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					04 ITEM DESCRIPTION UICP MODIFICATION				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
04 UICP MODIFICATION (EQUIPMENT)	VAR	VAR	150	VAR	VAR	0	VAR	VAR	0

Narrative Justification:

UICP MODIFICATION: This project will re-architect and reengineer this legacy UICP COBOL system, currently on mainframe, into a logical three-tiered, client/server environment enabling its migration off mainframe hosts onto mid-tier processors using client-server system architectures, thus achieving DISA Common Operating Environment systems compliancy. This will provide the following: (1) technical infrastructure for rapid future systems reengineering using 4+ generation development tools, (2) greater data flexibility within relational database environments, and (3) base level end users direct and transparent access to data.

The benefits derived from this are 1). with an open system, the development costs of any future enhancement will be dramatically reduced, and 2). with the elimination of the mainframe environment, operations and maintenance costs will be dramatically reduced. These savings will be manifested in significantly reduced processing payments to DISA.

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
Capital Investment Justification
February 2000
(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					05 ITEM DESCRIPTION UADPS-ICP [CDA]				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
05 UADPS-ICP (CDA)	33.2	87.698	2,911	38.7	91.361	3,532	38.8	92.822	3,602

Narrative Justification:

UICP- These Central Design Agency (CDA) resources will be modifying ADP programs to enhance Inventory Control Point (ICP) programs. These include the Integrated Technical, Item Management and Procurement (ITIMP) program; the escalation of inclusion of Electronic Data Interchange (EDI) principles to expand upon baseline transactions to incorporate the transaction set for commercial and organic manufacturing solicitations; the Corporate Information System (CIS) which is an executive information/decision support system that allows senior headquarters management, functional managers, field activities and NAVSUP customers to view performance data for specific activities within the NAVSUP claimancy as well as overall supply readiness metrics. The development effort will provide the CIS with direct data feeds from the UICP database. The current system requires large amounts of UICP data to be manually entered into CIS spreadsheets. The automation of the data feeds will not only eliminate the manual effort but allow for additional data to be included in CIS, thereby improving the utility of the CIS; and software conversion effort required to migrate UICP COBOL mainframe applications to a modernized three-tiered client/server Open Systems Environment providing a more direct and transparent access of database resources to the base-level end user. This will streamline business processes and reduce systems enhancement and reengineering development cycle times while reducing mainframe dependency and mainframe access charges.

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
Capital Investment Justification
February 2000
(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					06 ITEM DESCRIPTION EPOS [AIT]				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
06 EPOS (AIT) (CDA)	5.6	87.698	487	0.0	0.000	0	0.0	0.000	0

Narrative Justification:

AIT: Automated Information Technology initiatives include the Electronic Point of Sale [EPOS]. AIT provides ships and stock points with the capability to "read" bar coded information for entry into existing computer systems. Increased productivity, data accuracy, and visibility and control of inventories will be realized with AIT technology. These benefits contribute to improved Fleet Support and readiness. The CDA efforts reflected here also support software modification required to implement Electronic Point of Sale [EPOS] initiatives within the AIT technology. EPOS is an automated retail program designed to provide accurate material and financial accountability to all DON activities. EPOS is currently being run as a proprietary system. Hardware and some software is available only from Dataflow Technologies, Inc. The software coming out of the design process would break that proprietary lock. This is important because the hardware currently being used is nearing the end of its life cycle. Replacement of it through Dataflow would be expensive. The new software runs on commercial off-the-shelf [COTS] hardware. Replacement of the old hardware with COTS hardware would be much less expensive. In addition, the new software is being developed with Year 2000 processing capabilities.

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
Capital Investment Justification
February 2000

(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					07 ITEM DESCRIPTION UADPS-SP/U2 [CDA]				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
07 UADPS-SP/U2 (CDA)	68.4	87.698	6,000	60.3	91.361	5,509	60.3	92.822	5,597

Narrative Justification:

UADPS-SP/U2- The Uniform Automated Data Processing System for Stock Points (UADPS-SP) is the Navy-wide automated supply, financial and resources management application system designed to support Navy operating forces. It is a Navy legacy system operated at over 35 Naval Commands including Fleet and Industrial Supply Centers (FISCs), Naval Air Stations, Naval Shipyards and Training Centers. The UADPS-SP system provides uniform logistics data support to the Chief on Naval Operations, Commander in Chief Atlantic Fleet (CINCLANTFLT), Commander in Chief Pacific Fleet (CINCPACFLT), Chief of Naval Education and Training, Chief of Naval Reserves, Comptroller of the Navy, and Commandant of the Marine Corps. This system is operated primarily at Defense Information Systems Agency (DISA) ADP installations and at several remote activities.

The Central Design Agency (CDA) efforts reflected herein are directed toward complying with OSD/Congressionally-mandated changes, and corrective software maintenance efforts. An additional CDA effort for this AIS has been directed toward incorporating the FISC facts of CNO Management Review Initiative #20 which provides the necessary functionality to complement Corporate Information Management (CIM) enterprise-wide systems. Specifically, these efforts provide the necessary management tools:

- To reduce inventory and infrastructure costs through centralized inventory management and expanded regional asset visibility.
- To supply centralized management of separate consumer inventories to the "wrench-turner" level.
- To consolidate geographic "stovepipe" inventories under a single ADP system to achieve personnel and inventory.
- To expand consumer level asset visibility and sharing.
- To achieve cost avoidance as legacy systems are eliminated.

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
Capital Investment Justification
February 2000

(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					08 ITEM DESCRIPTION TRANSPORTATION [CDA]				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
08 TRANSPORTATION (CDA)	6.6	87.698	575	0.0	0.000	0	0.0	0.000	0

Narrative Justification:

Transportation - These funds provide for the development/modernization efforts associated with the Navy Do-It-Yourself (DITY) system. This system is designed to allow Navy members to transport their own household goods and be paid a monetary allowance equal to 80 per cent prior to 1 Feb 98 and 95 per cent after 31 Jan 98 of what it would cost the government to ship the household goods commercially. It records receipt of member claims, tracks the progress of the claims processing, computes member payments and excess costs, tracks and issues collections for unliquidated advances, provides controls over fraud, waste and abuse, and maintains historical records.

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
Capital Investment Justification
February 2000

(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					09 ITEM DESCRIPTION FINANCIAL & AIR CLEARANCE SYSTEMS [CDA]				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
09 FINANCIAL & AIR CLEARANCE SYSTEMS (FACTS) (CDA)	0.0	0.000	0	0.0	0.000	0	0.0	0.000	0

Narrative Justification:

FACTS - FY 2000 was to be the first year this effort was to receive funding. However, this program has been discontinued for Navy Working Capital Funding.

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
Capital Investment Justification
February 2000

(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					10 ITEM DESCRIPTION SOFTWARE SERVICES [CDA]				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
10 SOFTWARE SERVICES (CDA)	0.0	0.000	0	7.2	91.361	658	7.3	92.822	678

Narrative Justification:

Central Design Activity Software Dev/Mod Services will be provided to support the following efforts:

Network Services: Network Services covers efforts to increase the utilization of client/server environments. Central administration responsibilities include the development of test beds in support of application testing and site system problem resolution and on-site assistance to install software upgrades. Corporate C/S system engineering is provided during the application design or conception phases of a project to assist with technical aspects to ensure the design is within the specification of the NAVSUP C/S environment. Software development engineering is utilized to develop the software in a Tier II environment that is required to support Navy application that will be rehosted in a C/S processing environment, particularly all processes required for File Replication. CDA effort takes the form of providing centralized technical support and direction for Internet and corporate desk support. FY99: \$000; FY00: \$347K; FY01: \$362K

Standard Procurement System: SPS is the DoD standard automated procurement system that facilitates administration, control and processing of all purchase requests within the procurement component by providing: document tracking, management, and buyer support information, automated document preparation, and automated interface capabilities. As a CIM migration system, SPS replaces existing systems as the automated procurement tool. Successful implementation requires the development of interface modules and on-going services for development testing, operational testing and certification of the interfaces to achieve Full Operating Capability. FY99: \$000; FY00: \$311K; FY01: \$316K

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
Capital Investment Justification
February 2000

(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					11 ITEM DESCRIPTION YEAR 2000 [CDA]				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
11 YEAR 2000 (Y2K) (CDA)	13.0	87.698	1,137	0.0	0.000	0	0	0.000	0

Narrative Justification:

YEAR 2000: Preparation for the upcoming millennium requires a complete corporate computer program portfolio review to ensure that the new century does not create critical system failures due to date driven information. This funding provides for: [1] a review of each corporate NAVSUP system [those maintained by FMSO] and determines whether any required Y2K changes to the system will come via system redesign [such as rehosting TANDEM applications], system changes ["renewal"] or whether the system will be retired/replaced and, therefore, no Y2K changes need to be made; [2] an assessment, using a COTS product, of each NAVSUP corporate system to be renewed, to determine the extent of changes required; [3] development of the renewal strategy for each system to be renewed [i.e., change data base structure, use macros, perform algorithmic update, etc.]; and [4] the accomplishment of a portion of the changes necessary to renew UICP, U2, APADE and other smaller systems.

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
Capital Investment Justification
February 2000

(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					12 ITEM DESCRIPTION FINANCIAL INITIATIVES				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
12 FINANCIAL INITIATIVES (formerly: Cash & Pricing models)	VAR	VAR	6,169	VAR	VAR	5,703	0	VAR	0

Narrative Justification:

Financial Initiatives includes three elements as identified below:

Cash & Pricing Model - Pricing and cash projection models are to be centrally procured for Navy Working Capital Fund (NWCF) activities in order to improve NWCF pricing and cash projections, in accordance with NAVCOMPT issue number 62112 of the summer of 1997. These funds purchase a license for the use of these models. FY99: \$439K; FY00: \$0; FY01: \$0

Material Financial Control System (MFCS) - is the Naval Supply Systems Command (NAVSUP) automated financial inventory accounting system supporting the Naval Inventory Control Point (NAVICP) sites at Philadelphia and Mechanicsburg, Pa. It is an integral part of the Uniform Inventory Control Point (UICP) system and provides financial management tools for consumer level material. The system provides the most current Department of Defense (DoD) Standard General Ledger (SGL) available and is designed based on DoD/MILS Standards which allow for processing both wholesale and retail material. NAVSUP, is the System Manager and assumes Life Cycle Management (LCM) responsibilities. The Navy Fleet Material Support Office (FMSO) is the designated Central Design Agency (CDA) responsible for all design and development efforts relating to MFCS. FY99: \$5,089K; FY00: \$5,703; FY01: \$0

MFCS Component Modules are as follows:

- PX02 Allotment Accrual Accounting FCA Module
- PX04 Expenditure Management Module
- PX06/Pgm Support - Billing Module

Logistics Working Group – In support of the DoN efforts to achieve Clean Financial Statements (CFS), NAVSUP was tasked with chairing a team of hardware systems commands and other logistics-related activities whose charter is to ensure compliancy of logistics systems. The resultant Logistics Working Group (LWG) was designed to 1) identify systems that manage Navy Working Capital Fund (NWCF) and General Fund (GF) inventory (non-financial feeders), 2) compare these systems with CFO Compliancy requirements as spelled out in the DFAS Blue Book and 3) design a strategy to correct found discrepancies. FY99: \$641K; FY00: \$0; FY01: \$0

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
Capital Investment Justification
February 2000

(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					13 ITEM DESCRIPTION JLSC LEGACY SYSTEMS				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
13 JLSC LEGACY SYSTEMS	VAR	VAR	2,800	VAR	VAR	0	VAR	VAR	0

Narrative Justification:

JLSC LEGACY Systems - In order to facilitate the orderly close out of JLSC early in FY 1999, PBD 401 (of the fall of 1997) transferred the Component projects from JLSC's capital budget to the appropriate Component Working Capital Fund capital budget. Funding will be utilized to begin the modernization and conversion of automated information systems to achieve a seamless logistics system in a shared data environment, as directed by the Deputy Under Secretary of Defense for Logistics (DUSD(L)). The DUSD(L) Corporate Strategy is to bring existing Component legacy systems into a shared data environment. This environment has been identified by the Defense Information Service Agency (DISA) as Defense Information Infrastructure (DII) and Common Operating Environment (COE) which is based on the DoD Joint Technical Architecture (JTA). Joint service interoperability will also result from the migration to a single shared data environment for all information users.

NAVY WORKING CAPITAL FUND
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(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					14 ITEM DESCRIPTION COMMERCIAL ASSET VISIBILITY				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
14 COMMERCIAL ASSET VISIBILITY (CAV II)	VAR	VAR	1,300	VAR	VAR	950	VAR	VAR	1,467

Narrative Justification:

DoD Commercial Inventory Accuracy tracking program. The Commercial Asset Visibility Program (CAV) was developed by the NAVY and is now used by the Army, Marines and Air Force. CAVs internal edits and validations impose inventory accuracy standards on Commercial DoD repair contractors. CAV has processed over 2 million TIRs (transaction inventory reports) and has an accuracy rate of over 99 percent. CAV is mandated by both congressional and GAO audits and has documented savings total more than \$675M. This represents a technological investment in our material management systems, which has already saved the Navy millions of dollars that would have been spent in the procurement and stocking of large inventories. In order to remain responsive to the needs of the warfighter and reduce overall logistics costs, the Navy/DOD CAV programs have are being transitioned into an open system architecture that can be used to rapidly incorporate or modify system software. Using a WEB-Based Client Server format/architecture will facilitate Navy TAV efforts to gain visibility and automated access into commercially repaired assets, inclusion of EC/EDI ANSI X12 transaction capabilities will allow CAV to be used for DVD vendors and PICA/SICA activities. Additionally, efforts to integrate In-transit information are critical to "close the loop" and provide a complete TAV picture to our customers. Concurrently, we will be modifying/upgrading CAV to allow us to fully utilize/interface with this new TAV capability/information as well as integrating our Navy TAV efforts with DOD JTAV efforts. The CAV initiative was developed in response to a Congressional Inquiry and GAO audit, to provide 100% accountability and visibility if the \$2 Billion dollars worth of Navy material undergoing repair at commercial DOD vendors repair facilities. Previous tracking methods of proved inaccurate and costly. CAV is an integral part of the Navy TAV effort which reduces procurement costs through redistribution of assets and increases operational readiness through higher accountability, availability and accessibility. Additionally, a customer's confidence in the Supply System increases over time as his material and information needs are met in a more timely, effective manner. Improved inventory accuracy reduces the volume of material reorders and lower safety levels (logistics footprint) both INCONUS and In-Theater.

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
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(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					15 ITEM DESCRIPTION MATH MODELS				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
15 MATH MODELS	VAR	VAR	500	0	VAR	0	0	VAR	0

Narrative Justification:

Math Models: This effort provides capability for analysis and modification of software and database design for the Math Models program. Math Models provides users with a number of key capabilities:

Provides the capability to budget, execute and measure performance to readiness through Logistics Response Time (LRT) by site;
Provides the information necessary to set parameters used in DoD requirements computation systems (what-if analysis capability);
Provides the capability for computing wholesale inventory, procurement, and repair levels by item or groups of items. The computations include backorder and performance projections and are performed for consumable and repairable items, as well as, families of items (family processing capability) as required; and,
Provides the capability for computing retail item requirements considering the cost of the item and its individual contribution to achieving weapon system availability targets.

NAVY WORKING CAPITAL FUND
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(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					16 ITEM DESCRIPTION DISTRIBUTION STANDARD SYSTEM				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
16 DISTRIBUTION STANDARD SYSTEM [DSS]	VAR	VAR	3,000	VAR	VAR	811	VAR	VAR	816

Narrative Justification:

DSS - In response to DMRD 902, DLA is replacing its legacy physical distribution system (NISTARS) at all former Navy supply depots (DD's) within CONUS with DSS. On 4 Feb 98, NAVSUP decided to adopt DSS for use at the Navy OCONUS physical distribution sites, FISC Yokosuka and FISC Pearl Harbor. Navy OCONUS sites were not included under DMRD 902, however, economic analysis showed that implementing DSS at these sites will save the Navy over \$11million (after costs) over a ten year planning horizon (a 137% return on investment). This cost element applies to DLA's development of multi-site capability within DSS (required by Navy), testing, training, travel, implementation and follow-on development at the OCONUS sites.

NAVY WORKING CAPITAL FUND
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(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					17 ITEM DESCRIPTION TOTAL ASSET VISIBILITY				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
17 TOTAL ASSET VISIBILITY	VAR	VAR	0	VAR	VAR	3,750	VAR	VAR	5,754

Narrative Justification:

TAV - Total Asset Visibility reduces procurement costs through redistribution of assets and increases operational readiness through higher availability. Additionally, a customer's confidence in the Supply System increases over time as his material and information needs are met in a more timely, effective manner. Improved confidence can potentially reduce the volume of material reorders and lower safety levels (logistics footprint) both INCONUS and In-Theater. Technological investment in our material management systems has already saved the Navy millions of dollars that would have been spent in the procurement and stocking of large inventories. In order to remain responsive to the needs of the warfighter, the Navy TAV programs have to be transitioned into an open system architecture that can be used to rapidly incorporate or modify system software. Using a JCALS open architecture will facilitate Navy TAV efforts to gain visibility and automated access into many non-traditional "supply" inventories. Additionally, efforts to integrate In-transit information are critical to "close the loop" and provide a complete TAV picture to our customers. Concurrently, we will be modifying/upgrading several key systems (e.g. CPEN, shipboard supply, etc.) to allow us to fully utilize/interface with this new TAV capability/information as well as integrating our Navy TAV efforts with DOD JTAV efforts.

Projects planned:

- TAV Training Development: For curriculum/training development. A broad training approach will be implemented to allow for classroom training and remote training. We will incorporate TAV training into the NSCS Supply Officer School, as well as enlisted supply schools. Additionally we will target Maintenance/ Line schools for including TAV training. We will also develop training and information on TAV efforts which allow for remote learning (e.g., over the web).
- Single CPEN: Effort would reengineer and single up the Central Point of Entry Network. The single CPEN initiative is a one time reengineering (software/hardware) effort providing an open architecture that meets DISA standards for a Common Operating Environment (COE) and Integration and Run-Time Specifications (I&RTS). A more robust, flexible, single CPEN can serve as an intelligent router/initial decision point screening Navy requirements against Navy/DoD assets, e.g. DRMS/disposal, DLA, Navy wholesale/retail/residual material, etc. A reengineered, single CPEN

NAVY WORKING CAPITAL FUND
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(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000	17 ITEM DESCRIPTION TOTAL ASSET VISIBILITY
-----------------------------------------------------------------	-----------------------------------------------

requirements against Navy/DoD assets, e.g. DRMS/disposal, DLA, Navy wholesale/retail/residual material, etc. A reengineered, single CPEN allows for integration into the JTAV/GCSS environment contributing to increased readiness, as well as, decreased operation/maintenance costs.

- In-Transit Visibility Integration: To provide a complete asset visibility picture, we must incorporate In-Transit information. The primary focus will be to link with GTN. However, interim capabilities will be developed if GTN access is delayed. Navy specific requirements will also be addressed. This includes providing information to platforms with varying communications capability and providing customer routing update capability.

- Shipboard TAV Integration: Systems such as SALTS, SNAP, SUADPS, Micro-SNAP, R-Supply, etc. must be modified to interface with and take advantage of TAV efforts. In order to utilize TAV information at the shipboard level, shipboard systems must be able to interface with TAV systems appropriately. Without these interfaces, all the TAV benefits will not be realized.

- JCALS: Navy's Strategic IT plan is using JCALs tool set to integrate/display NAVTAV systems. Expand JCALs visibility and accessibility functionality to legacy and new NAVTAV initiatives to include but not limited to GOM (ROMIS), RAM, DRMSVIS, AFLOAT. JTAV integration will be critical to GCSS compliance. Additionally, all implementations using JCALS will require periodic upgrade.

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
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(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					18 ITEM DESCRIPTION PAPER-FREE ACQUISITION				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
18 PAPER-FREE ACQUISITION	VAR	VAR	2,568	VAR	VAR	987	VAR	VAR	1,393

Narrative Justification:

PAPER-FREE ACQUISITION - In MRM # 2 - Moving to a Paper-Free Contracting Process, the Secretary of Defense has directed that DoD undertake a revolution in business practices in conjunction with the Quadrennial Defense Review. SECDEF has specifically cited the need to simplify and modernize our acquisition process in the area of contract, writing, administration, finance and auditing. The paperless acquisition process will span the entire life-cycle of the acquisition process from requirements generation to contract closeout. The Navy's working definition of paperless means that paper can not be used as a means of transmitting information from one 'desk' to another 'desk.' The benefits of paperfree acquisition will be the satisfaction of the requirements of MRM # 2; the reduction of unmatched disbursements; the reduction of purchase card delinquencies; the reduction of procurement time, costs, and personnel with implementation of e-mail/e-catalogs initiatives; process/organizational improvements; better cash management; standardized software, training, and support resulting from enterprise initiatives; improved accuracy in acquisition tracking/reporting; reduced FOIA requests and processing costs; reduced paper [towards NPR # 7 goal of 50% reduction in all paper transactions]; and support of integrated digital environment [IDE] mandate. The Naval Supply Systems Command has four initiatives that will accomplish MRM # 2 goals, Readiness Based Sparing, On Touch Supply, Automated Non-Standard Requisitioning System and a Navy World Wide Virtual Call Center.

NAVY WORKING CAPITAL FUND
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(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					19 ITEM DESCRIPTION ENTERPRISE RESOURCE PLANNING				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
19 ENTERPRISE RESOURCE PLANNING	VAR	VAR	0	VAR	VAR	14,000	VAR	VAR	19,000

Narrative Justification:

Enterprise Resource Planning (ERP): The effectiveness of the Navy logistics chain is dependent upon transitioning from an inventory based, constant-flow system to a velocity-based, variable-flow system using more efficient programming, scheduling and repair processes; total asset visibility technologies; and integrated logistics information and decision support tools. Integrated logistics chain management techniques provide the means to accurately predict requirements, acquire the right amount of inventory, rapidly move serviceable and repairable items, and select the optimum path for each item as it moves through the logistics chain. Proper management optimizes the performance and cost of the entire logistics chain, end-to-end, and results in delivery of required support to the customers to the right place, at the right time, and right price. The Navy has completed an initial examination of its logistics infrastructure and associated processes to ascertain ways to improve and reduce costs while maintaining/improving support to the warfighter. We have found that commercially available Enterprise Resource Planning (ERP) programs have potential applicability for the Navy. The Navy needs to further examine these private sector capabilities to determine/demonstrate their feasibility and applicability to its logistics, supply and maintenance chains. In order to do so, the Navy will conduct a study and pilot initiative to determine if commercially available ERP programs can be utilized. It is recognized that commercial industry holds the expertise in the ERP area. It is the intent of the Navy to acquire this expertise to demonstrate the feasibility and applicability of ERP programs to the Navy supply chain and maintenance areas by conducting a study and pilot project. To best support the war-fighter and make optimum use of limited support resources, the Navy logistics community intends industry to identify changes that: (1) Best integrate and coordinate Navy supply chain and maintenance management processes, (2) Enhance and integrate the Navy's ability to manage and control supply chain processes, products, services and information from end to end, and (3) Optimize inventory levels to provide effective readiness at the best value.

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
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(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					20 ITEM DESCRIPTION ACTIVITY BASED COSTING/MANAGEMENT				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
20 ACTIVITY BASED COSTING / MGMT	VAR	VAR	0	VAR	VAR	0	VAR	VAR	680

Narrative Justification:

Funds are required for centralized management of commercial off-the-shelf (COTS) software tools necessary to support Activity Based Costing / Activity Based Management (ABC/ABM) program initiatives within the NAVSUP claimancy. Current planning calls for continued use of ABC modeling techniques in analyzing opportunities for competitive sourcing, reengineering, and reorganization throughout the claimancy. Projects underway, using previously acquired ABC Technologies Easy ABC software include ICP-wide Activity-Based Costing modeling effort and FISC model refinement to support retail supply A-76 study. FY2000 through 2004 efforts will capitalize on the development of Activity-Based Management systems for ICP and FISC future management. These projects will require central (claimancy) investment in ABC Technologies OROS 4.0 software which is specifically designed to support fully functioning Activity-Based Management systems. If this effort is not funded NAVSUP cannot realize the benefits of ABC/ABM without a corporate commitment and investment in the tools necessary to support ongoing management. Initial ABC modelling efforts at FISCs and ICPs indicate a lack of techniques and tools to enable a clear understanding of the true costs of NAVSUP products and services. Improved information will be critical in meeting the management challenges presented by increasing A-76 and downsizing pressures over the next few years.

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
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February 2000

(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					21 ITEM DESCRIPTION INFORM-21				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
21 INFORM-21	VAR	VAR	0	VAR	VAR	0	VAR	VAR	1,700

Narrative Justification:

INFORM 21 provides the Information Technology (IT) infrastructure to support the SUP-21 Re-engineering effort. It will deliver a consolidated Naval Supply (NAVSUP) Corporate Data Warehouse, combining data from both Mechanicsburg and Philadelphia UICP operational systems. The Corporate Data Warehouse will then be expanded to include retail inventory (UADPS/U2) and consumer level inventory (RSupply). Facilitated by data warehouse expansion, process improvements will be inserted into the NAVSUP claimancy applications portfolio. These process improvements will include new business processes obtained through the purchase of commercial-off-the-shelf (COTS) software such as Advanced Planning and Scheduling (APS) and Supply Chain Management (SCM) systems. If not funded savings will not be achieved and it will be much more difficult and costly to achieve the following:

- a shift in emphasis from inventory management to a focus on program and weapon systems support
- movement from an echelon demand based, multi-level, stovepiped inventory system to a nationally managed response based profile
- movement from organic based regional supply support to prime vendor and supply chain management profile
- migration from a dominant physical presence to a dominant logistics information domain (information broker)
- transformation of the FISCs from sizable physical commands to the regional husbanding agent role
- transition from MILS based transactions to EC/EDI transactions
- reduction of material consumption in the fleet and improving logistics response time
- monitor the performance of suppliers such as DLA, Navy/DoD, and commercial providers
- offer our customers unlimited access to comprehensive, integrated, quality data from dispersed but networked sources
- accomplish the goals of the Total Asset Visibility Program
- provide a reduction for the need of expeditors, customer service representatives, and TYCOM training teams

It will also be more difficult and more costly to comply with the mandates of DUSD(L) concept of operations for the DOD Interpretable Information Environment (IIE), the DOD logistics strategic Plan (to achieve maximum logistics productivity), and the NAVSUP Strategic Plan Goal 6 (provide the modern information technology needed to continuously improve the efficiency and

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
Capital Investment Justification
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(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					22 ITEM DESCRIPTION RESIDUAL ASSET MANAGEMENT				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
22 RESIDUAL ASSET MANAGEMENT	VAR	VAR	0	VAR	VAR	0	VAR	VAR	4,660

Narrative Justification:

In October 1995 the Residual Asset Management (RAM) program was launched to provide real time visibility of residual end use material for redistribution to Fleet units and selected Naval Sea Systems Command (NAVSEA) activities. RAM has proven a great success in its short existence, processing 120 thousand plus requisitions, worth \$172M. Additionally, RAM has provided \$30M in inventory to NAVICP/DLA item managers and \$26.2M in MTIS Credits have been granted to the inventory owners. RAM is currently funded within the Navy Working Capital Fund (NWCF) through a portion of the Wholesale Cost Recovery Rate. RAM is currently a mainframe-based application/production system and is currently installed at TYCOM/NAVSEA residual warehouse sites, by personnel from the Navy Inventory Control Point Mechanicsburg. NAVSUP is the program sponsor and is responsible for the overall program management (PM) of the Residual Asset Management Program, which includes funding. NAVICP-M assumed functional management of the system in Oct.1998, with an office located at NAVICP-M, which consists of contractor personnel as well as government personnel. . NAVICP-M is responsible for sustainment, deployments, training and RAM software interfaces with UADPS and UICP and ICP integration responsibilities. FMSO is currently responsible for the PC software development and sustainment. If not funded the NAVY ROI Greater than 17:1 will not be achieved. Savings in excess of \$500M will not be achieved... NAVY loses ability to track RFI material held at TYCOM/Hardware commands. Additionally, non funding would place NAVY in violation of numerous GAO audits.

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
Capital Investment Justification
February 2000

(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000					23 ITEM DESCRIPTION MINOR CONSTRUCTION				
ELEMENTS OF COST	QTY	FY 1999 UNIT COST	TOTAL COST	QTY	FY 2000 UNIT COST	TOTAL COST	QTY	FY 2001 UNIT COST	TOTAL COST
23 MINOR CONSTRUCTION	VAR	VAR	564	VAR	VAR	1,000	VAR	VAR	1,584

Narrative Justification:

Minor construction funds are used for alterations to facilities to accommodate changes in mission, or methods of operations, and to accomplish minor facility improvements having an impact on the work environment. Although these types of alterations are accomplished at a relatively small cost, they have significant impacts on the methods or economies of performing the work. The impact of not funding these projects is a continuation of situations of poor working conditions without the opportunity for increased efficiencies or improved quality of life. Each minor construction project must be less than \$500,000.

Projects planned for FY99 include the following :

- \$179K FISC San Diego Bldg 1 [6th Floor] Renovations
- \$150K NAVICP-Mechanicsburg Bldg 311-2 HVAC Alterations
- \$135K NAVICP-Mechanicsburg Bldg 312 North Renovations (Phase 1)
- \$100K Change Orders to Prior Year Contract Awards

Projects planned for FY00 include the following:

- \$200K FISC-PH POL Storage Shed
- \$350K NAVICP Bldg311-2 HVAC Alterations
- \$350K FISC-Y Emergency Generator Fac 1390
- \$100K Change Orders to Prior Year Contract Awards

NAVY WORKING CAPITAL FUND

Supply Management Activity Group

Capital Investment Justification

February 2000

(\$ in thousands)

COMPONENT/BUSINESS AREA/DATE NAVY/SUPPLY MANAGEMENT/JAN 2000	23 ITEM DESCRIPTION MINOR CONSTRUCTION
-----------------------------------------------------------------	-------------------------------------------

Projects planned for FY01 include the following:

\$125K NAVICP Bldg 312N Renovations(Phase 1)

\$216K NAVICP Renovate East Gate Guard House

\$266K NAVICP Bldg2-4 East BEAP Improvements

\$322K FISC-N HAZMIN Storage Area

\$225K FISC-PH Bldg 473 Modifications

\$375K FISC-PH Bldg 479 Renovations

\$55K Change Orders to Prior Year Contract Awards

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
Capital Budget Execution
February 2000

(\$ in millions)

FY 1999

<u>Title/Description</u>	<u>Approved (\$M)</u>	<u>Reprogs</u>	<u>Revised Request (\$M)</u>	<u>Actual Obs</u>	<u>Asset/ Deficiency</u>	<u>Explanation/Reason for Change</u>
Non-ADP Equipment	3.325	.000	3.325	3.325	.000	
ADP Equipment	4.031	.000	4.031	4.031	.000	
Software Development	22.179	8.000	30.179	27.447	2.732	Carryover approved for \$2,057
Minor Construction	.564	.000	.564	0.564	.000	
Total Capital Investment	30.099	8.000	38.099	35.367	2.732	

Exhibit Fund 9d
Capital Budget Execution

NAVY WORKING CAPITAL FUND
Supply Management Activity Group
Capital Budget Execution
February 2000
(\$ in millions)

FY 2000

<u>Title/Description</u>	<u>Approved (\$M)</u>	<u>Reprogs</u>	<u>Revised Request (\$M)</u>	<u>Asset/ Deficiency</u>	<u>Explanation/Reason for Change</u>
Non-ADP Equipment	4.183	-3.333	.850	.000	Reduced Requirements
ADP Equipment	7.075	-4.249	2.826	.000	Reduced Requirements
Software Development	21.575	14.325	35.900	.000	Additional requirement for ERP
Minor Construction	1.822	-.822	1.000	.000	
Total Capital Investment	34.655	5.921	40.576	.000	

Exhibit Fund 9d
Capital Budget Execution

NAVY WORKING CAPITAL FUND

Supply Management Activity Group

Capital Budget Execution

February 2000

(\$ in millions)

FY 2001

<u>Title/Description</u>	<u>Approved (\$M)</u>	<u>Reprogs</u>	<u>Revised Request (\$M)</u>	<u>Asset/ Deficiency</u>	<u>Explanation/Reason for Change</u>
Non-ADP Equipment	4.415	-2.129	2.286	.000	Reduced Requirements
ADP Equipment	5.965	-2.025	3.940	.000	Reduced Requirements
Software Development	21.763	23.584	45.347	.000	Additional Requirements for ERP, ABC/ABM INFORM-21 & Residual Asset Management
Minor Construction	1.584	.000	1.584	.000	
Total Capital Investment	33.727	19.430	53.157	.000	

Exhibit Fund 9d
Capital Budget Execution

FY 2001
NAVY SUPPLY MANAGEMENT
WAR RESERVE MATERIAL (WRM)
STOCKPILE
(\$ in millions)

STOCKPILE STATUS			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	243.7	243.7	
2. Price Change	5.3	5.3	
3. Reclassification	249.0	249.0	
4. Inventory Changes	8.6	8.6	
a. Receipts @ std	0.4	0.4	
(1). Purchases	0.3	0.3	
(2). Returns from customers	0.1	0.1	
b. Issues @ std	0.0	0.0	
(1). Sales	0.0	0.0	
(2). Returns to suppliers	0.0	0.0	
(3). Disposals	0.0	0.0	
(4). Issues/receipts w/o ADJs	0.0	0.0	
c. Adjustments @ std	8.2	8.2	
(1). Capitalizations	0.0	0.0	
(2). Gains and losses	0.0	0.0	
(3). Other	8.2	8.2	
5. Inventory EOP	257.6	257.6	
STOCKPILE COSTS			
1. Storage		0.2	
2. Management		0.0	
3. Maintenance/Other		0.0	
Total Cost		0.2	
WRM BUDGET REQUEST			
1. Obligations @ cost		0.2	
a. Additional WRM		0.2	
b. Replen. WRM		0.0	
c. Repair WRM		0.0	
d. Assemble/Disassemble		0.0	
e. Other		0.0	
Total Request		0.2	

**Navy Working Capital Fund
Marine Corps Supply Management
FY 2001 President's Budget Submission**

BACKGROUND:

The Marine Corps Supply Management Sub-Activity Group of the Navy Working Capital Fund (NWCF) is a revolving fund that procures consumable and reparable items for resale to Department of Defense (DOD) and non-DOD customers. Reimbursement provided at the time material is issued provides the resources with which this activity group replaces items in the inventory and funds the cost of operations. The revolving fund concept, in concert with unit cost authority, allows managers to stock and sell material to meet customer demands and maintain inventory at appropriate levels.

Marine Corps Supply Management consists of both retail and wholesale operations. Retail operations perform primarily under the Direct Support Stock Control (DSSC) concept. Under this concept, fast-moving items in support of base/station functions are stocked at issue points close to the customer. Currently, the Marine Corps operates nine DSSC activities; namely, Quantico, Parris Island, Camp LeJeune, Albany, Barstow, San Diego, Twentynine Palms, Camp Pendleton and Camp Butler. In addition to the DSSCs, the Marine Corps manages one Inventory Control Point (ICP) at the Marine Corps Logistics Base (MCLB) in Albany, Georgia. As the wholesale component of the supply management business area, the ICP supplies Marine Corps managed consumable and reparable items to the Fleet Marine Force (FMF) and other customers.

This budget submission reflects a slight increase in peacetime inventory as a result of customer returns for credit in the wholesale program. However, the estimates represent continual restructuring in the area of subsistence, war reserve/mobilization clothing requirements, as well as, peacetime clothing requirements to reduce inventory. Also included are price adjustments required to convert to the DOD fuel standard and the ongoing affects of Low Density (LD) and war reserve reparable capitalization. Following is a brief recap of the budget projects included in this submission:

(1) Subsistence - Budget Project (BP 21) procures cold weather rations held as war reserve stocks in Norway. The anticipated decapitalization of cold weather rations from Marine Corps Supply Management to the Defense Logistics Agency (DLA) is expected to occur in FY 2000 rather than FY 2001, as stated in the previous budget submission.

(2) Retail Supplies - Budget Project (BP 28) procures a full range of retail supply items (less bulk fuel) from DLA, General Services Administration (GSA),

other Services, local suppliers and vendors. Examples of retail supply items procured in this budget project include office and self-service supplies, lumber, communications and electronic items, clothing and repair parts. In April 1999, Headquarters Marine Corps eliminated prepositioned war reserve (PWR) clothing requirements for the recruit depots. A Defense Logistics Agency initiative providing total asset visibility of clothing inventory levels automates requirement forecasting and replenishment actions. As a result, major clothing inventory reductions at both recruit depots occurred in FY 1999. The Retail Centrally Managed (RCM) element of this budget project procures other integrated managed items for provisioning of initial spares to support new principal end items for issue to the operating forces. Additionally, the RCM procures assets to support special projects, as directed by Headquarters, Marine Corps and Marine Corps Systems Command.

(3) Fuel - Budget Project (BP 38) procures bulk fuel and related items used in heating plants and ground vehicles. In FY 2002, DLA plans to capitalize all ground vehicle fuel for all DOD Services. In addition, ground fuel will be converted to a single DOD standard (JP8). The Marine Corps will begin transitioning from diesel and JP5 fuels to JP8 in FY 2000. In comparison, the new standard fuel is higher in cost per barrel. This estimate includes an adjusted increase each year until transfer and conversion is complete. Functional transfer of fuel to DLA is projected to begin in FY 2001.

(4) Depot Level Reparables - Budget Project (BP 84) currently procures and stocks managed depot level reparable replenishment and initial spare parts, consisting of 1,401 Low Density (LD) and 1,783 non-Low Density reparables. This BP also provides for the repair of Marine Corps managed non-LD reparables and other Service managed reparables for which the Marine Corps has the authority to stock, store, issue and repair. In FY 1998, BP 84 was expanded to include procurement of LD reparables as well as the management of war reserve material. This fiscal year concludes the Marine Corps two-year transition period from "free issue" in FY 1998 and FY 1999 to the "cash based" method starting in FY 2000. This transition is based on lead times for the material involved.

(5) Cost of Operations - Budget Project (BP 91) includes ICP costs associated with the management of Marine Corps managed secondary items.

BUDGET HIGHLIGHTS:

Workload in Supply Management is wholesale and retail net sales. This submission reflects a net sales increase of \$18.8 million or 10.8% between FY 1999 and FY 2001 estimates. The following chart depicts wholesale and retail net sales for each fiscal year.

Wholesale and Retail Net Sales:

(\$s millions)	Actual	Estimated	Estimated
<u>Description</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Retail Net Sales	109.0	106.4	111.2
<u>Wholesale Net Sales</u>	<u>46.5</u>	<u>59.7</u>	<u>63.1</u>
Total Net Sales	155.5	166.1	174.3

Retail Sales / Obligations / Unit Cost: The following chart illustrates FY 1999 through FY 2001 retail sales, obligations and unit costs.

(\$s millions)	Actual	Estimated	Estimated
<u>Description</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Gross Sales	109.3	106.4	111.2
Creditable Returns	0.3	0.0	0.0
Net Sales	109.0	106.4	111.2
Obligation	98.5	106.0	114.2
Unit Cost	.90	1.00	1.03

Wholesale Sales / Obligations / Unit Cost: The following chart illustrates FY 1999 through FY 2001 wholesale sales, obligations and unit costs.

(\$s millions)	Actual	Estimated	Estimated
<u>Description</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Gross Sales	53.7	61.3	64.7
Creditable Returns	7.2	1.6	1.6
Net Sales	46.5	59.7	63.1
Obligations	39.2	61.6	64.4
Unit Cost	0.86	1.03	1.02

ECONOMIC ASSUMPTIONS / PERFORMANCE INDICATORS:**Supply Material Availability:**

Since the primary function of the Marine Corps Supply Management Activity Group is to sell material to the customers, success is measured by how well and how quickly customer demands are satisfied. A key indicator is the Fill Rate or Supply Availability Rate. Fill Rate is the percentage of demands processed by the supply system without interruption at initial processing. Data are extracted from the Military Supply and Transportation and Evaluation Procedures System. While there is no established supply effectiveness standard for the Marine Corps wholesale system, 85 percent supply availability is currently considered the goal.

The following chart displays selected measures of effectiveness for this Activity Group:

<u>Description</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
<u>Fill Rates (%):</u> Repairables	83.9	85.0	85.0
<u>Number of Items Managed –Repairables</u>			
• LD	1,873	1,873	1,873
• Non-LD	1,327	1,327	1,327
<u>Cost Recovery Rate (Surcharge) (%)</u>	45.83	36.75	27.11
<u>Annual Price Change (%)</u>	3.61	-5.14	-5.70
<u>Requisitions Received (\$M)</u>	55.2	58.1	63.6
<u>Contracts Executed</u>	35	35	35
<u>Personnel (End Strength):</u>			
Civilians *	48	48	48
Military	0	0	0

* Civilian Personnel: In FY 2000 and FY 2001, LD functional realignment of civilian personnel end strength was reduced in an effort to reduce wholesale surcharge rates.

INVENTORIES:

Inventories in this submission include both Peacetime Operating Stocks (POS) and war reserve material and consist of both consumable and reparable items. Currently, peacetime stocks include clothing, hardgoods, fuel, provisioning and replenishment spares, and special project assets such as bulk fuel component parts. Likewise, at the present time, mobilization stocks include cold weather rations in Norway, and consumable and reparable items for Fleet Marine Force (FMF) units. As noted elsewhere, restructuring of the subsistence and clothing programs is changing the composition of stockage levels. The impact of these changes is reflected in the following display of peacetime inventory. Data are at standard unit price.

Peacetime Operating Stock (POS) Inventory:

<u>Description</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
<u>(\$s millions)</u>			
Retail	88.1	77.3	74.0
<u>Wholesale</u>	<u>480.0</u>	<u>427.1</u>	<u>425.5</u>
Total	568.1	504.4	499.5

Projected retail inventory reductions are primarily the result of the buy-out of special project and initial issue provisioning assets from the RCM program and progressive plans to eliminate excess inventory. Wholesale inventory reductions between FY 1999 and beyond are due to the procurement of LD reparables in FY 1999 in preparation for planned sales beginning in FY 2000.

Net Operating Result (NOR)/Accumulated Operating Result (AOR):

NOR is the net result of operations in a given fiscal year. The NOR portrayed in each fiscal year of this submission is primarily the result of Marine Corps retail operations. As directed by OSD budget guidance, retail obligations are included in the cost of material sold from inventory. AOR is based on current and prior year operating results, AOR redistribution and cash factors.

NOR/AOR:

<u>Description:</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
<u>(\$s millions)</u>			
Revenue	146.8	166.1	174.3
Expenses	135.4	164.4	175.6
-Cost of Goods Sold (Non-Add)	127.0	154.0	166.2
Cash Recovery	-0.5	0.0	0.0
Net Operating Result	11.9	1.7	-1.3
Prior Year AOR	35.9	47.8	49.5
AOR Redistribution	--	--	--
Cash Factor	--	--	-48.2
AOR	47.8	49.5	0.0

CASH:

In Marine Corps Supply Management, as in other components of working capital funds, available cash is determined by the net sum effect of actual collections and disbursements. Collections are primarily a reflection of sales, while disbursements are primarily based on obligations. Annual sales and obligations programs, as outlined elsewhere in this submission, are the principal factors in determining cash availability. The following table depicts the current and projected net outlay posture.

<u>Description</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
<u>(\$s millions)</u>			
Collections	171.3	162.8	169.9
Disbursements	147.1	161.5	167.8
Net Outlays	-24.2	-1.4	-2.1

FY 2001 PRESIDENT'S BUDGET SUBMISSION
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
REVENUE AND EXPENSES
(Dollars in Millions)

Summary

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Revenue:			
Net Sales:			
Operations	146.8	166.1	174.3
Capital Surcharge	0.0	0.0	0.0
Depreciation except Maj Const	0.0	0.0	0.0
Major Construction Depreciation	0.0	0.0	0.0
Other Income	0.0	0.0	0.0
Refunds/Discounts	0.0	0.0	0.0
Total Income	146.8	166.1	174.3
Expenses:			
Cost of Materiel Sold from Inventory	127.0	154.0	166.2
Salaries and Wages:			
Military Personnel Compensation & Benefits	0.0	0.0	0.0
Civilian Personnel & Compensation & Benefits	2.4	2.6	2.6
Travel & Transportation of Personnel	0.1	0.1	0.1
Materials & Supplies (For internal Operations)	0.0	0.0	0.0
Equipment	0.0	0.0	0.0
Other Purchases from Revolving Funds	2.1	3.8	3.8
Transportation of Things	0.1	0.1	0.1
Depreciation - Capital	0.0	0.0	0.0
Printing and Reproduction	0.0	0.0	0.0
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication, Utilities, & Misc. Charges	0.0	0.0	0.0
Other Purchased Services	3.7	3.8	2.8
Total Expenses	135.4	164.4	175.6
Operating Result	11.4	1.7	-1.3
Less Capital Surcharge Reservation	0.0	0.0	0.0
Plus Appropriations Affecting NOR/AOR	0.0	0.0	0.0
Other Changes Affecting NOR/AOR	0.0	0.0	0.0
Navy Cash Recovery	-0.5	0.0	0.0
Net Operating Result	11.9	1.7	-1.3
Other Changes Affecting AOR			
Prior Year AOR	35.9	47.8	49.5
AOR Redistribution	0.0	0.0	0.0
Cash Factor	0.0	0.0	-48.2
Accumulated Operating Result	47.8	49.5	0.0

FUND 11

February 2000

Source of Revenue
Summary
(Dollars in Millions)

Marine Corps/Supply Management

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
1. New Orders			
1a. Orders from DoD Components:			
Own Component			
Military Personnel, M.C.	31.8	34.4	33.8
O & M, M.C.	78.0	80.1	72.5
O & M, M.C. Reserve	1.4	1.6	1.6
Reserve Personnel, M.C.	4.2	4.4	4.2
Procurement, M.C.	19.4	19.9	21.2
Other Services (O&M)			
Army	1.4	1.1	1.1
Air Force	0.5	0.5	0.5
Navy	1.7	1.8	1.7
All Other DOD	2.9	2.8	2.7
Subtotal	141.3	146.6	139.3
1b. Orders from other Fund Business Areas:			
Navy Supply Management	0.0	0.0	0.0
M.C. Depot Maintenance	7.4	8.6	8.4
Subtotal	7.4	8.6	8.4
1c. Total DoD	148.7	155.2	147.7
1d. Other Orders:			
Other Federal Agencies	0.1	0.1	0.1
Foreign Military Sales	0.0	0.0	0.0
Non Federal Agencies	5.1	5.2	5.2
Subtotal	5.2	5.3	5.3
1. Total New Orders	153.9	160.5	153.0
2. Carry-In Orders	11.5	15.5	23.8
3. Total Gross Orders:	165.4	176.0	176.8
4. Funded Carry-over:	13.8	23.8	33.3
5. Total Gross Sales:	163.0	167.7	175.9

MARINE CORPS
BUDGET PROJECT 38
(DOLLARS IN MILLIONS)
FY 1999

<u>PRODUCT</u>	<u>-----PROCURED FROM DFSC-----</u>			<u>-----PROCURED BY SERVICE-----</u>			<u>STABILIZED PRICE</u>
	<u>Barrels</u>	<u>U/P</u>	<u>Ext Cost</u>	<u>Barrels</u>	<u>U/P</u>	<u>Ext Cost</u>	
JP5	0.0	\$35.70	0.1		\$0.00	0.0	\$35.70
JP4		\$0.00	0.0		\$0.00	0.0	\$0.00
Propane		\$0.00	0.0	0.0	\$0.93	0.0	\$0.00
Distillates	0.2	\$33.60	5.2		\$0.00	0.0	\$33.60
MOGAS Lead		\$41.16	0.0		\$0.00	0.0	\$41.16
MOGAS Unlead	0.1	\$33.60	2.1		\$0.00	0.0	\$33.60
Residual	0.0	\$21.00	0.2		\$0.00	0.0	\$21.00
Kerosene		\$0.00	0.0	0.0	\$92.40	0.1	\$0.00
Other		\$0.00	0.0	0.0	\$24.70	0.0	\$0.00
Coal	0.0	\$52.20	2.3		\$0.00	0.0	\$52.20
Diesel	0.2	\$31.92	5.1		\$0.00	0.0	\$31.92
TOTAL	0.4		15.0	0.0		0.1	
				15.1			

Fund-15

February 2000

MARINE CORPS
BUDGET PROJECT 38
(DOLLARS IN MILLIONS)
FY 2000

<u>PRODUCT</u>	<u>-----PROCURED FROM DFSC-----</u>			<u>-----PROCURED BY SERVICE-----</u>			<u>STABILIZED PRICE</u>
	<u>Barrels</u>	<u>U/P</u>	<u>Ext Cost</u>	<u>Barrels</u>	<u>U/P</u>	<u>Ext Cost</u>	
JP5	0.0	\$26.46	0.1		\$0.00	0.0	\$26.46
JP-8	0.1	\$26.04	2.6		\$0.00	0.0	\$26.04
Propane		\$0.00	0.0	0.0	\$0.93	0.0	\$0.00
Distillates	0.1	\$25.20	3.3		\$0.00	0.0	\$25.20
MOGAS Lead		\$34.02	0.0		\$0.00	0.0	\$34.02
MOGAS Unlead	0.1	\$28.56	1.8		\$0.00	0.0	\$28.56
Residual	0.1	\$15.96	1.0		\$0.00	0.0	\$15.96
Kerosene		\$0.00	0.0	0.0	\$92.40	0.1	\$0.00
Other		\$0.00	0.0	0.0	\$25.27	0.1	\$0.00
Coal	0.0	\$52.20	1.2		\$0.00	0.0	\$52.20
Diesel	0.1	\$23.94	2.4		\$0.00	0.0	\$23.94
TOTAL	0.5		12.4	0.0		0.2	
				12.6			

Fund-15

February 2000

MARINE CORPS
BUDGET PROJECT 38
(DOLLARS IN MILLIONS)
FY 2001

<u>PRODUCT</u>	<u>-----PROCURED FROM DFSC-----</u>			<u>-----PROCURED BY SERVICE-----</u>			<u>STABILIZED PRICE</u>
	<u>Barrels</u>	<u>U/P</u>	<u>Ext Cost</u>	<u>Barrels</u>	<u>U/P</u>	<u>Ext Cost</u>	
JP5	0.0	\$43.26	0.0		\$0.00	0.0	\$43.26
JP4		\$0.00	0.0		\$0.00	0.0	\$0.00
Propane		\$0.00	0.0	0.0	\$0.93	0.0	\$0.00
Distillates	0.1	\$41.16	5.4		\$0.00	0.0	\$41.16
MOGAS Lead		\$53.34	0.0		\$0.00	0.0	\$53.34
MOGAS Unlead	0.1	\$45.78	3.0		\$0.00	0.0	\$45.78
Residual	0.1	\$27.30	1.8		\$0.00	0.0	\$27.30
Kerosene		\$0.00	0.0	0.0	\$92.40	0.1	\$0.00
Other		\$0.00	0.0	0.0	\$25.27	0.1	\$0.00
Coal	0.0	\$52.20	1.2		\$0.00	0.0	\$52.20
JP-8	0.2	\$42.42	8.0		\$0.00	0.0	\$42.42
TOTAL	<u>0.5</u>		<u>19.4</u>	<u>0.0</u>		<u>0.2</u>	
				19.6			

NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
(DOLLARS IN MILLIONS)
TOTAL PROGRAM SUMMARY

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
FY 99										
Approved	547.5	179.7	169.0	151.4	0.0	0.0	151.4	3.9	155.3	1.2
Actual	568.1	144.9	155.5	137.6	0.0	0.0	137.6	0.0	137.6	7.5
Delta	20.6	(34.8)	(13.5)	(13.8)	0.0	0.0	(13.8)	(3.9)	(17.7)	6.3
FY 00										
Approved	518.1	175.5	173.6	177.3	0.0	0.0	177.3	4.5	181.8	1.6
Request	504.4	162.6	166.1	167.6	0.0	0.0	167.6	0.0	167.6	1.6
Delta	(13.7)	(12.9)	(7.5)	(9.7)	0.0	0.0	(9.7)	(4.5)	(14.2)	0.0
FY 01										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	499.5	173.2	174.3	172.1	6.5	0.0	178.6	0.0	178.6	1.6
Delta	499.5	173.2	174.3	172.1	6.5	0.0	178.6	0.0	178.6	1.6

NAVY WORKING CAPITAL FUND
MARINE CORPS SUMMARY
FY 1999
(Dollars in Millions)

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 21										
Approved	0.0	0.6	0.6	0.6	0.0	0.0	0.6	0.0	0.6	0.0
Actual	0.0	0.8	0.8	1.5	0.0	0.0	1.5	0.0	1.5	0.0
Delta	0.0	0.2	0.2	0.9	0.0	0.0	0.9	0.0	0.9	0.0
BP 28										
Approved	92.4	95.4	94.4	91.8	0.0	0.0	91.8	0.0	91.8	0.0
Actual	87.3	92.8	93.1	81.8	0.0	0.0	81.8	0.0	81.8	0.3
Delta	(5.1)	(2.6)	(1.3)	(10.0)	0.0	0.0	(10.0)	0.0	(10.0)	0.3
BP 38										
Approved	1.0	16.1	16.1	16.1	0.0	0.0	16.1	0.0	16.1	0.0
Actual	0.8	15.1	15.1	15.1	0.0	0.0	15.1	0.0	15.1	0.0
Delta	(0.2)	(1.0)	(1.0)	(1.0)	0.0	0.0	(1.0)	0.0	(1.0)	0.0
BP 84										
Approved	454.1	67.6	57.9	34.4	0.0	0.0	34.4	3.9	38.3	1.2
Actual	480.0	36.2	46.5	30.9	0.0	0.0	30.9	0.0	30.9	7.2
Delta	25.9	(31.4)	(11.4)	(3.5)	0.0	0.0	(3.5)	(3.9)	(7.4)	6.0
			*REPAIR	5.9						
BP 91										
Approved	0.0	0.0	0.0	8.5	0.0	0.0	8.5	0.0	8.5	0.0
Actual	0.0	0.0	0.0	8.3	0.0	0.0	8.3	0.0	8.3	0.0
Delta	0.0	0.0	0.0	(0.2)	0.0	0.0	(0.2)	0.0	(0.2)	0.0
TOTAL										
Approved	547.5	179.7	169.0	151.4	0.0	0.0	151.4	3.9	155.3	1.2
Actual	568.1	144.9	155.5	137.6	0.0	0.0	137.6	0.0	137.6	7.5
Delta	20.6	(34.8)	(13.5)	(13.8)	0.0	0.0	(13.8)	(3.9)	(17.7)	6.3

NAVY WORKING CAPITAL FUND
MARINE CORPS SUMMARY
FY 2000
(Dollars in Millions)

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 21										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.8	0.8	1.2	0.0	0.0	1.2	0.0	1.2	0.0
Delta	0.0	0.8	0.8	1.2	0.0	0.0	1.2	0.0	1.2	0.0
BP 28										
Approved	92.1	95.2	96.2	95.0	0.0	0.0	95.0	0.0	95.0	0.0
Request	76.6	92.8	93.0	92.2	0.0	0.0	92.2	0.0	92.2	0.0
Delta	(15.5)	(2.4)	(3.2)	(2.8)	0.0	0.0	(2.8)	0.0	(2.8)	0.0
BP 38										
Approved	1.0	16.4	16.4	12.2	0.0	0.0	12.2	0.0	12.2	0.0
Request	0.7	12.6	12.6	12.6	0.0	0.0	12.6	0.0	12.6	0.0
Delta	(0.3)	(3.8)	(3.8)	0.4	0.0	0.0	0.4	0.0	0.4	0.0
BP 84										
Approved	425.0	63.9	61.0	58.9	0.0	0.0	58.9	4.5	63.4	1.6
Request	427.1	56.4	59.7	51.1	0.0	0.0	51.1	0.0	51.1	1.6
Delta	2.1	(7.5)	(1.3)	(7.8)	0.0	0.0	(7.8)	(4.5)	(12.3)	0.0
			*REPAIR	18.6						
BP 91										
Approved	0.0	0.0	0.0	11.2	0.0	0.0	11.2	0.0	11.2	0.0
Request	0.0	0.0	0.0	10.5	0.0	0.0	10.5	0.0	10.5	0.0
Delta	0.0	0.0	0.0	(0.7)	0.0	0.0	(0.7)	0.0	(0.7)	0.0
TOTAL										
Approved	518.1	175.5	173.6	177.3	0.0	0.0	177.3	4.5	181.8	1.6
Request	504.4	162.6	166.1	167.6	0.0	0.0	167.6	0.0	167.6	1.6
Delta	(13.7)	(12.9)	(7.5)	(9.7)	0.0	0.0	(9.7)	(4.5)	(14.2)	0.0

NAVY WORKING CAPITAL FUND
MARINE CORPS SUMMARY
FY 2001
(Dollars in Millions)

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 21										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.9	0.9	0.9	0.0	0.0	0.9	0.0	0.9	0.0
Delta	0.0	0.9	0.9	0.9	0.0	0.0	0.9	0.0	0.9	0.0
BP 28										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	73.0	90.6	90.7	92.0	1.7	0.0	93.7	0.0	93.7	0.0
Delta	73.0	90.6	90.7	92.0	1.7	0.0	93.7	0.0	93.7	0.0
BP 38										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	1.0	19.6	19.6	19.6	0.0	0.0	19.6	0.0	19.6	0.0
Delta	1.0	19.6	19.6	19.6	0.0	0.0	19.6	0.0	19.6	0.0
BP 84										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	425.5	62.1	63.1	50.2	4.8	0.0	55.0	0.0	55.0	1.6
Delta	425.5	62.1	63.1	50.2	4.8	0.0	55.0	0.0	55.0	1.6
			*REPAIR	20.0						
BP 91										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	9.4	0.0	0.0	9.4	0.0	9.4	0.0
Delta	0.0	0.0	0.0	9.4	0.0	0.0	9.4	0.0	9.4	0.0
TOTAL										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	499.5	173.2	174.3	172.1	6.5	0.0	178.6	0.0	178.6	1.6
Delta	499.5	173.2	174.3	172.1	6.5	0.0	178.6	0.0	178.6	1.6

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February 2000

NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
BY WEAPON SYSTEM/CATEGORY
RETAIL CENTRALLY MANAGED
FY 1999
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS	SPECIAL PROGRAMS	BASIC REWORK	TOTAL
					0.0
ITEMS < \$2M, MUZZLE VELOCITY		0.1			0.1
ENHANCED APPLICATION ARMOR		0.1			0.1
AAV		0.6			0.6
IMPROVED RECOVERY VEHICLE, HERCULES		0.3			0.3
M1A1		0.3			0.3
					0.0
SPECIAL PROJECTS	0.1	0.0	0.0		0.1
TOTAL ORDNANCE TANK AUTOMOTIVE	0.1	1.4	0.0	0.0	1.5
					0.0
JAVELIN		0.2			0.2
					0.0
TOTAL GUIDED MISSILES AND EQUIPMENT	0.0	0.2	0.0	0.0	0.2
					0.0
GENERAL PURPOSE TEST EQUIPMENT		0.1			0.1
RADIO SYSTEMS		1.3			1.3
ITEMS L\$2M, ADCP		0.1			0.1
INTELLIGENCE SUPPORT EQUIPMENT		0.1			0.1
MOD KITS (INTEL)		0.1			0.1
					0.0
					0.0
SPECIAL PROJECTS	0.1				0.1
TOTAL COMMUNICATION AND ELECTRONICS	0.1	1.7	0.0	0.0	1.8
					0.0
HMMVV		1.3			1.3
SPECIAL PROJECTS	0.5				0.5
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.5	1.3	0.0	0.0	1.8
					0.0
SPECIAL PROJECTS	(0.5)				(0.5)
TOTAL GENERAL PROPERTY	(0.5)	0.0	0.0	0.0	(0.5)
TOTAL PROCUREMENT	0.2	4.6	0.0	0.0	4.8
TRANSPORTATION					0.0
TOTAL COST	0.2	4.6	0.0	0.0	4.8

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NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
BY WEAPON SYSTEM/CATEGORY
RETAIL CENTRALLY MANAGED
FY 2000
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS	SPECIAL PROGRAMS	BASIC REWORK	TOTAL
					0.0
MODIFICATION KITS (TRACKED VEHICLES)		0.3			0.3
HMMWV		0.1			0.1
ITEMS < \$2M		0.1			0.1
					0.0
					0.0
BASIC REPLEN	0.1				0.1
TOTAL ORDNANCE TANK AUTOMOTIVE	0.1	0.5	0.0	0.0	0.6
					0.0
					0.0
BASIC REPLEN	0.1				0.1
TOTAL GUIDED MISSILES AND EQUIPMENT	0.1	0.0	0.0	0.0	0.1
					0.0
AUTO TEST EQUIPMENT		0.2			0.2
GENERAL PURPOSE ELECTRONIC TEST EQUIPMENT		0.1			0.1
COMMAND POST SYSTEMS		0.3			0.3
MANEUVER C2 SYSTEMS		0.2			0.2
RADIO SYSTEMS		0.6			0.6
MODIFICATION KITS MAGTF C4I		0.3			0.3
INTELLIGENCE SUPPORT EQUIPMENT		0.4			0.4
MODIFCATION KITS (INTEL)		0.2			0.2
					0.0
					0.0
BASIC REPLEN	0.2				0.2
TOTAL COMMUNICATION AND ELECTRONICS	0.2	2.3	0.0	0.0	2.5
					0.1
ENVIRONMENT CONTROL EQUIP ASSORTED		0.1			0.2
GARRISON MOBILE ENGINEERING SUPPORT		0.2			0.0
					0.1
BASIC REPLEN	0.1				0.1
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.1	0.3	0.0	0.0	0.4
					0.0
					0.0
TOTAL GENERAL PROPERTY	0.0	0.0	0.0	0.0	0.0
TOTAL PROCUREMENT	0.5	3.1	0.0	0.0	3.6
TRANSPORTATION					0.0
TOTAL COST	0.5	3.1	0.0	0.0	3.6

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NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
BY WEAPON SYSTEM/CATEGORY
RETAIL CENTRALLY MANAGED
FY 2001
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS	SPECIAL PROGRAMS	BASIC REWORK	TOTAL
MODIFICATION KITS (TRACKED VEHICLES)		0.4			0.4
HMMWV		1.0			1.0
					0.0
					0.0
					0.0
TOTAL ORDNANCE TANK AUTOMOTIVE	0.0	1.4	0.0	0.0	1.4
					0.0
					0.0
					0.0
BASIC REPLEN	0.1				0.1
TOTAL GUIDED MISSILES AND EQUIPMENT	0.1	0.0	0.0	0.0	0.1
					0.0
AUTO TEST EQUIP		0.4			0.4
GENERAL PURPOSE TEST EQUIPMENT		0.1			0.1
COMMAND POST SYSTEMS		0.1			0.1
MANEUVER C2 SYSTEMS		0.1			0.1
COMMUNICATIONS SWITCHING/CONROL SYSTEMS		0.8			0.8
TARGET LOCATOR DESIGN SYSTEM		0.1			0.1
INTELLIGENCE SUPPORT EQUIPMENT		0.5			0.5
MODIFICATION KITS (INTEL)		0.4			0.4
ITEMS<\$5 M		0.3			0.3
					0.0
BASIC REPLEN	0.1				0.1
TOTAL COMMUNICATION AND ELECTRONICS	0.1	2.8	0.0	0.0	2.9
					0.0
					0.0
BASIC REPLEN	0.1				0.1
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.1	0.0	0.0	0.0	0.1
					0.0
MOBILIZATION				1.7	1.7
TOTAL GENERAL PROPERTY	0.0	0.0	0.0	1.7	1.7
					0.0
TOTAL PROCUREMENT	0.3	4.2	0.0	1.7	6.2
TRANSPORTATION					0.0
TOTAL COST	0.3	4.2	0.0	1.7	6.2

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NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
BY WEAPON SYSTEM/CATEGORY
DEPOT LEVEL REPARABLES
FY 1999
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS	SPECIAL PROGRAMS	BASIC REWORK	TOTAL
Modification Kits		-0.1			-0.1
					0.0
BASIC REPLEN	3.5	0.0	0.0	2.7	6.2
TOTAL ORDNANCE TANK AUTOMOTIVE	3.5	-0.1	0.0	2.7	6.1
Javelin		1.2			1.2
ADCP		-0.5			-0.5
					0.0
BASIC REPLEN	1.3			2.4	3.7
TOTAL GUIDED MISSILES AND EQUIPMENT	1.3	0.7	0.0	2.4	4.4
					0.0
General Purpose Test Equip		1.1			1.1
Radio Systems		4.3			4.3
Items < \$5M		4.2			4.2
Air Operations C2 Systems		0.7			0.7
Intelligence Support Equipment		1.4			1.4
Mod Kits (Intel)		0.6			0.6
					0.0
					0.0
BASIC REPLEN	6.7			0.6	7.3
TOTAL COMMUNICATION AND ELECTRONICS	6.7	12.3	0.0	0.6	19.6
					0.0
					0.0
BASIC REPLEN	0.5				0.5
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.5	0.0	0.0	0.0	0.5
					0.0
BASIC REPLEN	0.1			0.2	0.3
TOTAL GENERAL PROPERTY	0.1	0.0	0.0	0.2	0.3
					0.0
TOTAL PROCUREMENT	12.1	12.9	0.0	5.9	30.9
TRANSPORTATION					0.0
TOTAL COST	12.1	12.9	0.0	5.9	30.9

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NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
BY WEAPON SYSTEM/CATEGORY
DEPOT LEVEL REPARABLES
FY 2000
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS	SPECIAL PROGRAMS	BASIC REWORK	TOTAL
Modification Kits (Tracked Vehicles)		1.1			0.0 1.1
BASIC REPLEN/BASIC REWORK	1.4			3.0	0.0 4.4
TOTAL ORDNANCE TANK AUTOMOTIVE	1.4	1.1	0.0	3.0	5.5
					0.0 0.0 0.0
BASIC REPLEN/BASIC REWORK	0.5			1.7	2.2
TOTAL GUIDED MISSILES AND EQUIPMENT	0.5	0.0	0.0	1.7	2.2
Automated Test Equipment		0.6			0.0 0.6
General Purpose Elect Test Equipment		0.3			0.3
Command Post Systems		0.5			0.5
Maneuver C2 Systems		0.7			0.7
Radio Systems		5.9			5.9
Mod Kits MAGTF C4I		9.5			9.5
Air Operations C2 Systems		1.0			1.0
Intelligence Support Equipment		1.9			1.9
Modification Kits (Intel)		1.5			1.5
Night Vision Equipment		0.1			0.1 0.0
BASIC REPLEN/BASIC REWORK	6.7			13.9	20.6
TOTAL COMMUNICATION AND ELECTRONICS	6.7	22.0	0.0	13.9	42.6
					0.0 0.0 0.7
BASIC REPLEN/BASIC REWORK	0.7				0.7
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.7	0.0	0.0	0.0	0.7
					0.0 0.1 0.1
BASIC REPLEN/BASIC REWORK	0.1				0.1
TOTAL GENERAL PROPERTY	0.1	0.0	0.0	0.0	0.1
TOTAL PROCUREMENT	9.4	23.1	0.0	18.6	51.1
TRANSPORTATION					0.0
TOTAL COST	9.4	23.1	0.0	18.6	51.1

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NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
BY WEAPON SYSTEM/CATEGORY
DEPOT LEVEL REPARABLES
FY 2001
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS	SPECIAL PROGRAMS	BASIC REWORK	TOTAL
					0.0
Modification Kits (Tracked Vehicles)		1.4			1.4
HMMWV		1.0			1.0
					0.0
BASIC REPLEN/BASIC REWORK	1.5			6.8	8.3
TOTAL ORDNANCE TANK AUTOMOTIVE	1.5	2.4	0.0	6.8	10.7
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	0.5			1.7	2.2
TOTAL GUIDED MISSILES AND EQUIPMENT	0.5	0.0	0.0	1.7	2.2
					0.0
Auto Test Equip		1.0			1.0
General Purpose Test Equipment		0.2			0.2
Command Post Systems		0.2			0.2
Maneuver C2 Systems		0.4			0.4
Communications Switching/Control Sys		3.6			3.6
Mod Kits MAGTF C4I		5.2			5.2
Fire Support Systems		0.2			0.2
Intelligence Support Equipment		3.2			3.2
Modification Kits (Intel)		4.1			4.1
Items <\$ 5M		0.1			0.1
					0.0
BASIC REPLEN/BASIC REWORK	6.8			10.6	17.4
TOTAL COMMUNICATION AND ELECTRONICS	6.8	18.2	0.0	10.6	35.6
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	0.7				0.7
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.7	0.0	0.0	0.0	0.7
MOBILIZATION			4.8		4.8
BASIC REPLEN/BASIC REWORK	0.1			0.9	1.0
TOTAL GENERAL PROPERTY	0.1	0.0	4.8	0.9	5.8
TOTAL PROCUREMENT	9.6	20.6	4.8	20.0	55.0
TRANSPORTATION					0.0
TOTAL COST	9.6	20.6	4.8	20.0	55.0

NAVY WORKING CAPITAL FUND
INVENTORY STATUS
SUMMARY
(DOLLARS IN MILLIONS)
FISCAL YEAR 1999

	<u>Total</u>	<u>Mobilization</u>	---- Peacetime ---- <u>Operating</u>	<u>Other</u>
1. INVENTORY BOP	728.7	120.9	472.6	135.2
2. BOP INVENTORY ADJUSTMENTS	23.2	5.6	14.5	3.1
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	23.2	5.6	14.5	3.1
C. INVENTORY RECLASSIFIED AND REPRICED	751.9	126.5	487.1	138.3
3. RECEIPTS AT STANDARD	146.1	2.3	143.8	0.0
4. SALES AT STANDARD	163.0	2.5	160.5	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(0.8)	0.0	(0.7)	(0.1)
B. RETURNS FROM CUSTOMERS FOR CREDIT	7.5	0.0	7.5	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	188.2	1.0	19.4	167.8
D. RETURNS TO SUPPLIERS (-)	(60.8)	0.0	(1.6)	(59.2)
E. TRANSFERS TO PROP. DISPOSAL (-)	(92.1)	(0.4)	(2.2)	(89.5)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(127.2)	(12.5)	(27.7)	(87.0)
G. OTHER (list/explain)	28.8	(3.9)	8.1	24.6
H. TOTAL ADJUSTMENTS	(56.4)	(15.8)	2.8	(43.4)
6. INVENTORY EOP	678.6	110.5	473.2	94.9
7. INVENTORY EOP, REVALUED	334.4	89.3	208.2	36.9
A. ECONOMIC RETENTION (memo)				10.9
B. CONTINGENCY RETENTION (memo)				9.8
C. POTENTIAL DOD EXCESS (memo)				16.2
8. INVENTORY ON ORDER EOP (memo)	67.6	1.6	62.6	3.4
9. NARRATIVE:				

Other adjustments (line 5g):

	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
Other Gains/Losses	28.8	(3.9)	8.1	24.6
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Total	28.8	(3.9)	8.1	24.6

NAVY WORKING CAPITAL FUND
INVENTORY STATUS
SUMMARY
(DOLLARS IN MILLIONS)
FISCAL YEAR 2000

	<u>Total</u>	<u>Mobilization</u>	---- Peacetime ---- <u>Operating</u>	<u>Other</u>
1. INVENTORY BOP	678.6	110.5	473.2	94.9
2. BOP INVENTORY ADJUSTMENTS	(28.4)	(4.8)	(19.5)	(4.1)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	(28.4)	(4.8)	(19.5)	(4.1)
C. INVENTORY RECLASSIFIED AND REPRICED	650.2	105.7	453.7	90.8
3. RECEIPTS AT STANDARD	148.6	1.6	147.0	0.0
4. SALES AT STANDARD	167.7	0.8	166.9	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	1.6	0.0	1.6	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	100.7	0.0	16.5	84.2
D. RETURNS TO SUPPLIERS (-)	(15.6)	0.0	0.0	(15.6)
E. TRANSFERS TO PROP. DISPOSAL (-)	(38.1)	(0.2)	0.0	(37.9)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(67.8)	(3.0)	(11.2)	(53.6)
G. OTHER (list/explain)	(4.5)	(0.3)	(1.4)	(2.8)
H. TOTAL ADJUSTMENTS	(23.7)	(3.5)	5.5	(25.7)
6. INVENTORY EOP	607.4	103.0	439.3	65.1
7. INVENTORY EOP, REVALUED	292.1	78.1	187.8	26.2
A. ECONOMIC RETENTION (memo)				9.7
B. CONTINGENCY RETENTION (memo)				6.1
C. POTENTIAL DOD EXCESS (memo)				10.4
8. INVENTORY ON ORDER EOP (memo)	69.7	1.2	65.1	3.4
9. NARRATIVE:				

Other adjustments (line 5g):

	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
Other Gains/Losses	(4.5)	(0.3)	(1.4)	(2.8)
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Total	(4.5)	(0.3)	(1.4)	(2.8)

NAVY WORKING CAPITAL FUND
INVENTORY STATUS
SUMMARY
(DOLLARS IN MILLIONS)
FISCAL YEAR 2001

	<u>Total</u>	<u>Mobilization</u>	<u>---- Peacetime ----</u> <u>Operating</u>	<u>Other</u>
1. INVENTORY BOP	607.4	103.0	439.3	65.1
2. BOP INVENTORY ADJUSTMENTS	9.9	1.8	6.3	1.8
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	9.9	1.8	6.3	1.8
C. INVENTORY RECLASSIFIED AND REPRICED	617.3	104.8	445.6	66.9
3. RECEIPTS AT STANDARD	145.7	1.1	144.6	0.0
4. SALES AT STANDARD	175.9	0.9	175.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	1.6	0.0	1.6	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	89.4	0.0	31.5	57.9
D. RETURNS TO SUPPLIERS (-)	(15.9)	0.0	0.0	(15.9)
E. TRANSFERS TO PROP. DISPOSAL (-)	(14.8)	0.0	0.0	(14.8)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(42.1)	(3.3)	(9.3)	(29.5)
G. OTHER (list/explain)	(3.7)	0.4	(1.8)	(2.3)
H. TOTAL ADJUSTMENTS	14.5	(2.9)	22.0	(4.6)
6. INVENTORY EOP	601.6	102.1	437.2	62.3
7. INVENTORY EOP, REVALUED	277.0	82.8	168.4	25.8
A. ECONOMIC RETENTION (memo)				9.4
B. CONTINGENCY RETENTION (memo)				6.2
C. POTENTIAL DOD EXCESS (memo)				10.2
8. INVENTORY ON ORDER EOP (memo)	71.7	0.0	68.4	3.3
9. NARRATIVE:				

Other adjustments (line 5f):

	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
Other Gains/Losses	(3.7)	0.4	(1.8)	(2.3)
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Total	(3.7)	0.4	(1.8)	(2.3)

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FY 2001 President's Budget Submission
 SUPPLY MANAGEMENT
 Wholesale Only
 Customer Price Change
 (\$ IN MILLIONS)

February 2000

Composite (BP 84)

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
1. Net Sales at Cost	19.2	35.1	35.0
2. Less: Mat'l Inflation Adj.	0.4	0.4	0.5
3. Revised Net Sales	18.8	34.7	34.5
4. Surcharge (\$)	8.8	12.9	9.5
5. Change to Customers			
a. Previous Year's Surcharge (%)	43.8%	45.8%	36.8%
b. This year's Surcharge and Material Inflation divided by line 3 above (\$)	45.8%	36.8%	47.2%
c. Percent change to customer	3.61%	-5.14%	-5.70%

Activity Group Capital Budget Summary Marine Corps Supply Management Activity Group February 2000 (\$ IN MILLIONS)							
Line Number	Item Description	FY 1999		FY 2000		FY 2001	
		<u>Quantity</u>	<u>Total Cost</u>	<u>Quantity</u>	<u>Total Cost</u>	<u>Quantity</u>	<u>Total Cost</u>
1a	Non-ADP Equipment (>500,000)	N/A	0.0	N/A	0.0	N/A	0.0
	Subtotal Equipment (>500,000)	N/A	0.0	N/A	0.0	N/A	0.0
1b	Non-ADP Equipment (>15,000<500,000)	N/A	0.0	N/A	0.0	N/A	0.0
	Subtotal Equipment (>15,000<500,000)	N/A	0.0	N/A	0.0	N/A	0.0
2a	Minor Construction (>15,000<300,000)	N/A	0.0	N/A	0.0	N/A	0.0
	Subtotal Minor Const (>15,000<300,000)	N/A	0.0	N/A	0.0	N/A	0.0
3a	ADP Equipment (>100,000)	N/A	0.0	N/A	0.0	N/A	0.0
	Subtotal ADP Equipment (>100,000)	0.0	0.0	N/A	0.0	N/A	0.0
3b	ADP Equipment (>15,000<100,000)	N/A	0.0	N/A	0.0	N/A	0.0
	Subtotal ADP Equipment (>15,000<100,000)	N/A	0.0	N/A	0.0	N/A	0.0
4a	Telecommunications Equip (>15,000<100,000)	N/A	0.0	N/A	0.0	N/A	0.0
	Subtotal Telecomm Equip (>15,000<100,000)	N/A	0.0	N/A	0.0	N/A	0.0
4b	Off the Shelf Software (>15,000<100,000)	N/A	0.0	N/A	0.0	N/A	0.0
	Subtotal Off the Shelf (>15,000<100,000)	N/A	0.0	N/A	0.0	N/A	0.0
6c	Central Design Activity (Software>100,000)	N/A	0.0	N/A	0.0	N/A	0.0
	Subtotal CDA (Software>100,000)	N/A	0.0	N/A	0.0	N/A	0.0
	GRAND TOTAL CAPITAL PURCHASE PROGRAM	0.0	0.0	N/A	0.0	N/A	0.0
7	Major Construction (MILCON)	N/A	0.0	N/A	0.0	N/A	0.0
	Major Construction (MILCON) Total - Non Add	N/A	0.0	N/A	0.0	N/A	0.0

MARINE CORPS SUPPLY MANAGEMENT ACTIVITY GROUP									February 2000			
CAPITAL INVESTMENT JUSTIFICATION									A. President's Budget Submission			
(\$ in Thousands)												
B. Marine Corps Supply Management				C. Line No.			D. MC Supply					
Element of Cost	FY 1998			FY 1999			FY 2000			FY 2001		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
CMIS												
MP&E												
TOTAL			0			0			0			0

Narrative Justification:

Navy Working Capital Fund
Marine Corps Supply Management Activity Group
FY 2001 President's Budget Submission
February 2000
(Dollars in Millions)

<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>
1999	Equipment except ADPE and TELECOM				
	N/A	0.000	0.000	0.000	0.000
	Subtotal Equipment	0.000	0.000	0.000	0.000
	Equipment - ADPE and TELECOM	0.000	0.000	0.000	0.000
	Subtotal ADPE/TelCom	0.000	0.000	0.000	0.000
	Software Development				
	Subtotal Software	0.000	0.000	0.000	0.000
	Minor Construction				
	N/A	0.000	0.000	0.000	0.000
	Subtotal Minor Construction	0.000	0.000	0.000	0.000
	Total FY 1999	0.000	0.000	0.000	0.000

Navy Working Capital Fund
Marine Corps Supply Management Activity Group
FY 2001 President's Budget Submission
February 2000
(Dollars in Millions)

<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>
2000	Equipment except ADPE and TELECOM				
	N/A	0.000	0.000	0.000	0.000
	Subtotal Equipment	0.000	0.000	0.000	0.000
	Equipment - ADPE and TELECOM				
	Subtotal ADPE/TelCom	0.000	0.000	0.000	0.000
	Software Development				
	Subtotal Software	0.000	0.000	0.000	0.000
	Minor Construction				
	N/A	0.000	0.000	0.000	0.000
	Subtotal Minor Construction	0.000	0.000	0.000	0.000
	Total FY 2000	0.000	0.000	0.000	0.000

Navy Working Capital Fund
Marine Corps Supply Management Activity Group
FY 2001 President's Budget Submission
February 2000
(Dollars in Millions)

<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>
2001	Equipment except ADPE and TELECOM				
	N/A	0.000	0.000	0.000	0.000
	Subtotal Equipment	0.000	0.000	0.000	0.000
	Equipment - ADPE and TELECOM				
	Subtotal ADPE/TelCom	0.000	0.000	0.000	0.000
	Software Development				
	Subtotal Software	0.000	0.000	0.000	0.000
	Minor Construction				
	N/A	0.000	0.000	0.000	0.000
	Subtotal Minor Construction	0.000	0.000	0.000	0.000
	Total FY 2001	0.000	0.000	0.000	0.000

**Navy Working Capital Fund
Supply Management Activity Group - USMC**

**FY01
War Reserve Material (WRM)
Stockpile
(\$ in millions)**

<u>Stockpile Status</u>			
		WRM	WRM
	Total	Protected	Other
1. Inventory BOP @ std	98.3	98.3	0.0
2. Price Change	0.0	0.0	0.0
3. Reclassification	1.7	1.7	0.0
4. Inventory Changes	0.0	0.0	0.0
a. Receipts @ std	0.0	0.0	0.0
(1). Purchases	0.0	0.0	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ std	0.0	0.0	0.0
(1). Sales	0.0	0.0	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3). Disposals	0.0	0.0	0.0
c. Adjustments @ std	(3.3)	(3.3)	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and losses	0.0	0.0	0.0
(3). Other	(3.3)	(3.3)	0.0
5. Inventory EOP	96.7	96.7	0.0
<u>Stockpile Costs</u>			
1. Storage	0.04	0.04	0.00
2. Management	0.00	0.00	0.00
3. Maintenance/Other	0.00	0.00	0.00
Total Cost	0.04	0.04	0.00
<u>WRM Budget Request</u>			
1. Obligations @ cost	0.0	0.0	0.0
a. Additional WRM	6.5	6.5	0.0
b. Replen. WRM	0.0	0.0	0.0
c. Repair WRM	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	6.5	6.5	0.0